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ANTI-CLIMAX TO JOINT OWNERSHIP IN CHINA

The Party officials and workers in China have had their jollification—and persuaded the entrepreneurs to rejoice with them since transformation had been accomplished without any beheadings—over the transformation of their industries and businesses from private to joint ownership and State direction. Now comes the problem of clearing the festive field and maintaining these undertakings on lines at least as successful as before. This is a job not without difficulty, as the Communist Organ Commercial Work ruefully comments in an editorial. The chief difficulty confronting the new management, it says, is “unpreparedness” and shortage of cadres. And with unusual candour it confesses that the only solution it can think of for this unpreparedness consists in keeping the existing enterprises intact and running them exactly as before.

But of course the signboard must be changed, so as to make it clear that the enterprises, which had been private, are now transformed into joint affairs. All the original systems of these enterprises, including purchasing arrangements, prices and methods of sales, system of management, system of processing jobs, accounting system, wage system, etc., are to be maintained, on the basis of the “full mobilisation of the activity of the worker masses.”

“As long as we adopt this method, that is, keeping all things intact, changing the signboard and taking them over, we can avoid confusion and minimise losses during the movement”—a frank and naive confession of the heedless haste with which the industrialists and merchants were hustled into camp. “The movement is at high tide, and we are

still not in a position to study these systems carefully,” says the organ of the Ministry of Commerce. “The only thing to do therefore is to leave things as they are and wait for the conclusion of this movement before carefully studying them and changing them. Some of the enterprises are irrational and must be changed step by step in the future, but some are rational and suitable to requirements, and thus should be preserved and even developed.

Whatever doubts there may be about the joy of the disinherited capitalists over the pleasures of being taken over by the State, there is no doubt about the immense relief and satisfaction of the Communist functionaries. Last summer they were all in a panic about policy and its repercussions. Mao Tse-tung himself acknowledged this in his “dragons before and tigers behind” speech. Some of the capitalists who feared something worse than immediate expropriation, might also have been relieved. But though the Communists are in the habit of confusing themselves with the people and have developed it into a fine art, few will believe that they managed to communicate their own gratification to the entrepreneurs at whose expense this rejoicing was created. The private industrialists and merchants got better terms in the end than they had been led to expect from the Russian example, but when the interest payments are ended perhaps by the end of the first five year plan they will depend wholly on the goodwill of the regime for the where-withal to carry on.

The gradualism of the Chinese technique was less painful than the forthright and crude methods adopted under tremendous stress by the Russians a

generation ago, but it seems to have been equally effective, though the sudden increase in tempo must have been an unpleasant surprise to many entrepreneurs who had expected another two years to accommodate themselves to a different future instead of being transformed almost overnight. A veritable army of young zealots was organised to keep the ball rolling when once the decision had been taken to socialise private enterprise. They had to see to it that the merchants and industrialists went along to mass meetings or to party offices and duly handed in their applications for transformation. Then they had to put back into the business anything they may have taken out of it, and even their private wealth in some cases. Thus they virtually forfeited their dividends from the State even before they got a cent of the interest payments.

The Party had gained a stranglehold on private business long before by processes that began with the formation of State Corporations and of the supply and marketing co-operatives, and the swift monopolisation of both manufacturing orders and of distribution by State agencies. The use of the term "joint State-private enterprise" is a misnomer. It may have applied a little more truly to the situation before transformation, when the entrepreneurs still ran their businesses, even if they had been utterly dependent on State orders to keep their works going. But after transformation industries had practically the same practical status as the State-owned and State-run enterprises, even if a large proportion of the management were retained. A few may have had cause to rejoice, especially those businesses which had been shored up and prevented from collapse by State orders.

The Chinese remember what happened when the Japanese extended the war, and all trade and commerce along the seaboard vanished. At least the new regime promised a good home market even if it had transformed the whole role of Shanghai. But the attempt to depict the whole of the capitalists, industrialists and merchants as jumping with joy over their transformation had all the properties of a stage extravaganza. After the "five anti," they had been taught to fear the worst. They knew what had happened to all foreign enterprise. The most that could be said was that some of them were not ungrateful for small mercies. But the main point is that there has been continuous and many-sided compulsion in the march to a destiny decreed from the very first days of the Communist conquest of power. But it becomes all the clearer that the State now exercises major responsibility for all that happens in the domain of national economy.

One explanation of the sudden acceleration of Socialist tempo lies in the frequent alarm expressed by Party circles over the increasing tendencies toward capitalism of the peasantry. In the case of the swifter take-over of industry and commerce, it has been suggested that the enterprises were transformed in order to meet the State's vast need of more and ever more capital over and above that

provided by restricted consumption, rationing, subscriptions to Government bonds, and heavy taxation.

It has been made clear, of course, that trade and industry have to go through at least one more process as soon as the authorities are ready. Both have been brought, trade by trade, under unified production arrangements since the beginning of 1955. Production is now arranged by entire trades and it was inevitable that the changeover to joint ownership should proceed trade by trade instead of individually. Now Government proceeds to the economic reorganization of the enterprises taken over. As the Director of the Central Bureau for the Administration of Industry and Commerce emphasised, it is now possible to break the line between one factory and another, and to combine scores or hundreds of factories into a single enterprise. Profit and loss are no longer on the scale of one factory but of the entire trade. Very favourable conditions are thus provided for ultimate transition to total State ownership.

The trade-wide organisational form that is adopted is the "trust" (of the Socialist type, of course!) in which shareholders receive dividends in the form of fixed percentage interest. Reform of the enterprise also entails reform of the entrepreneur. The bourgeoisie have to be remoulded from exploiters into self-supporting wage earners: "a

EARLY GEOLOGICAL WORK IN HONGKONG

By B. P. Ruxton M.A., F.G.S.

(University of Hongkong)

Few of us realise how much we owe to the work of the early pioneers in this Colony. In the field of geology almost all the important field work was done prior to 1930 and much of it by 1923 before the arrival of the Canadian team of geologists headed by Dean Brock. In fact the history of geological work here begins in 1862 when Thomas W. Kingsmill published his preliminary findings in the journal of the Geological Society of Dublin. However, it was not until 1914 that the first major contribution to the economic geology of the Colony was made when C. M. Weld wrote a detailed report on the Ma On Shan magnetite deposit. This report has the distinction of being the only detailed account of any of our metallic ore mineral deposits ever published.

The geological work accomplished here falls naturally into three periods. Firstly that completed before 1921 by the early pioneers from Kingsmill in 1862 to F.R.C. Reed's summary account in 1921. Secondly the very extensive work of Dr. C. M. Heanley and Mr. W. Schofield, which is summarised in articles written from 1923 to 1943, and finally the work done by the Canadian team of geologists between 1923 and 1935 and published between 1926 and 1945, their final report being unpublished and presented to the Hongkong Government in 1948.

This account deals with the first period from 1862 to 1921 and shows how, with the few facts known at the time, each worker held markedly different views on the subject. Even so this period was remarkable in that not only were many points of great importance noted, but also that many of these have never been repeated in the publications of later workers. It is indeed praiseworthy that our forefathers, though much less schooled to complex techniques than we are today, should have pin-pointed so many of the problems which still perplex us.

In the 1860's Thomas W. Kingsmill wrote two articles on the east coast of China and parts of the Kwangtung Province, including Hongkong. In these he noted the long narrow strip of low granite hills, from 300 to 3,000 feet in height and from 12 to 30 miles wide, running from near Hainan to Foochow and flanked on both sides by patches of a later formation which he thought to be Silurian. He called these rocks the "Coast Series" of quartz schist and granite, and on his map of 1865 the whole of the region around Hongkong was so depicted.

On Hongkong Island he noted the occurrence of granite in an "inextricable tangle" with "slate and quartz as well as trappean rock". His description of the decomposition of the granite and its effect on the landscape was exceptionally clear and concise and have been quoted before in this Review (Vol. XIX No. 25 p.8). He described the contact between granite and highly altered slate and quartz rocks on the headland at Stanley, and put forward the idea that the southerly projecting promontories on the south coast of Hongkong Island owe their preservation to their granite tips,

serious political task." Only by educating the capitalists, by instilling in them the ideas of patriotism and socialism, said the Director, can they be brought actively to help the Government to reform these enterprises and remove possible obstacles in the way.

and that the bays have been worn out from the "softer clay rocks forming the recesses". He traced a strip of this slate and quartz rock, some two miles wide, from WNW—ESE., across the island, and noted a strike of east-west with a dip of 80 degrees. At Aberdeen he claimed to have found fossil shells in it, which were "too soft to bear carriage", but these may have occurred in the "later sedimentaries".

Elsewhere on the island he found a third system of "masses of intrusive traps and trachytic Perphyries" intermingled with the granite and slate rocks. Near Pokfulam, on a promontory running out to sea, he noted a "mass of a porphyritic character, consisting of a dark felspathic rock with crystals of quartz through the mass".

Northwards from Hongkong the rocks were said to be similar but "the masses of granite become less frequent, and the slates and quartz rocks with enclosed igneous protrusions take their place". Apart from these "early Palaeozoic" rocks Kingsmill also mentions an overlying stratified deposit "formed from the debris of these several rocks," which occur on Hongkong Island. His comments on these deposits are interesting and are best quoted as follows:—

"... patches of a soft, light coloured, semi-indurated deposit, fringing the foot of the cliffs near the extremities of the larger valleys in the island, and rising to a height of from 60 to 100 feet. . . . Mingled with this in varying proportions according to the abundance of one or other rock in the locality, we shall find beds of quartzose sand with a felspathic matrix, the debris, of the disintegrated granite before described, the lines of stratification are confused, but appear to be horizontal or nearly so. . . . The manner of formation of these fringing deposits is easily explained by a partial submergence of the island: the fine sand and debris from the disintegrating rocks were carried down and deposited in still water at the extremities of the valleys, which later on the elevation of the land were again hollowed out leaving at their sides the remains."

From the evidence of a spatangid echinoid and obscure bivalves he gave an opinion of their age as Secondary or early Tertiary.

Kingsmill's succession, which can be gleaned from his later article (1865), was as follows:—

- | | |
|--------------------|---|
| LATER SEDIMENTS | — stratified, nearly horizontal, arkosic, semi-indurated.
Age—Secondary or early Tertiary. |
| IGNEOUS INTRUSIONS | — (not occurring in Hongkong), basalts around the Canton Delta. |
| RED BEDS | — (not occurring in Hongkong), around the Canton Delta.
Age—New Red Sandstone (Mesozoic). |
| COAL MEASURES | — (not occurring in Hongkong), equated with the coal measures in Britain (Carboniferous). |

LIMESTONE FORMATION — (not in Hongkong), equated with the Carboniferous limestone of Britain.

SLATES AND GRITS — (not in Hongkong), around Shau-king, undated.

COAST SERIES — an inextricable tangle of granite, slate and quartz rocks, and porphyries. Dated as early Palaeozoic.

Altogether Kingsmill's observations were very penetrating, his descriptions of the weathering of the granite and the later sediments are excellent and he is the only writer who has attempted to explain the promontories on the south of Hongkong Island. His theory of differential resistance to erosion is probably correct. Although it is now thought highly improbable that the fringing sediments are earlier than the Pleistocene, he was the first to mention that their existence points to a submergence followed by a later emergence.

In 1869 Baron von Richthofen, one of the greatest of the early explorers in China, summarised his investigations in south China in a letter to the Proceedings of the American Academy of Arts and Sciences. Unfortunately he paid very little attention to Hongkong, though a clear succession was given for the area around this Colony which was as follows:—

Quartzose porphyry and its tufas.
 Intrusions of granite—early Palaeozoic.
 Older Sedimentaries.

He thus clearly recognised the intrusive nature of the granite into the older sedimentary rocks and noted the later volcanic episode. His comments, though brief, are accurate and his skeletal succession has been proved correct by recent work, though of course it is now much amplified.

Dr. H. B. Guppy, a surgeon on HMS Hornet, incidentally famous for his theory on the formation of coral reefs and atolls, spent six days walking over Hongkong Island in 1880. From these six traverses he made the first geological map of the Colony which used to hang in the city Hall, and is now housed in the University. He recognised the granite, trap and syenite, and although his contacts are well mapped he did not attempt to give a succession. He remarked on the barren aspect of the ground underlain by granite, noting the abundance of "pseudo-boulders", and contrasted it with the "almost unbroken grassy sward" overlying porphyritic rocks with scarce "pseudo-boulders".

The first book devoted exclusively to the natural history of our Colony was published by S.B.J. Skertchly in 1893 and was entitled "OUR ISLAND". Skertchly had previously worked as a geologist in the geological survey of Great Britain and he added some very interesting observations on the Colony. He was the first to note the "basalt" dykes cutting the granite and his succession was as follows:—

Quartz porphyry — lavas.
 Basalt dykes.
 Granite — Pre-Cambrian.

From a study of the weathering of the granite he deduced that erosion was now proceeding at a faster rate than the weathering, but that the great depth of the weathering mantle proves that the opposite must have been the case in the past. He attributed this change to deforestation which he claims to have been an ingrained habit of the Chinaman, whom he names "Homo ligniperdus", and points out that as a result south China is one of the most "treeless of lands".

C. M. Weld writing in the Transactions of the American Institute of Mining Engineers in 1914 summarised the geology of the Colony very neatly by saying "We have an area occupied chiefly by an intrusive granite, carrying immense numbers of baked sedimentary inclusions of every size and shape. Along the northwest border of this area the granite gives way to schists and slates, dipping to the northwest. Along the eastern and southeastern edge are masses of basalt and quartz-porphry." He also noted the occurrence of graphite schists. His succession was as follows:—

Volcanic activity — basalts and porphyries
 Granite batholithic intrusions — mineralisation
 Sandstones, shales, a few limestones or dolomites—Pre-Cambrian.

He accepted Bailey Willis' concept that the southeastern coast of China has been a positive area since Pre-Cambrian time, and described the present land surface as "only moderately advanced in its erosion cycle" and a good example of drowned topography.

His main work was on minerals and he noted the occurrence of gold, silver, lead, zinc, copper, molybdenum and tin minerals, and spent some time examining the magnetite deposit at Ma On Shan. He considered the latter a contact metamorphic skarn deposit aligned east to west between granite (to the south) and quartzite (to the north). The two contacts dipping steeply (30-60 degrees) to the north, and being cut by three large faults running NNE-SSW, across the ore body, and downthrowing to the NWN, but not affecting the granite. Originally the quartzite was believed to have been a sandstone and the ore body was thought of as occupying the space previously filled by an impure dolomite bed. Owing to the abundance of magnesia in the magnetite (up to 11.5 per cent) and the skarn (up to 26.5 per cent) he argued that the granite had "reacted" with a dolomite bed in the sedimentary sequence to form these features.

After noting that the margin of the granite is muscovitic, often fine-grained and porphyritic, he classifies the ore body into a deep green aphanitic skarn rock, and magnetite; the former carrying abundant uranite, pyroxene, serpentine, magnetite and possibly periclase (believed now to be fluorite) with common chlorite, garnet, mica and epidote. Of the relationship between magnetite and skarn he stated "The relations of the magnetite and the skarn are highly irregular. As a rule it may be said that the magnetite occurs abundantly disseminated throughout the skarn, in bodies ranging from isolated minute crystals up to pure masses comprising thousands of tons. . . . There are no well-defined boundaries between the magnetite masses and the skarn, the one grading imperceptibly into the other. The skarn frequently carries sufficiently high proportions of magnetite to constitute a commercial ore in itself."

The present author believes the contact is between granite and acid volcanics with a broad zone of microgranite, ore body, contact altered acid volcanics and quartz veins inbetween. The acid volcanics almost certainly include welded tuffs carrying secondary carbonates and chlorite with some interbedded sediments. The former caused the dominant magnesia and carbonates in the skarn and the latter are now seen as high grade biotite garnet hornfels. It is not now considered necessary to postulate the existence of a former dolomite bed.

Weld's work was significant as a study of our only large metallic ore deposit and he quotes from no less than fifteen analyses of these rocks. Apart from Ma On Shan he noticed the occurrence of five other contact metamorphic

CAPITAL FORMATION AND ECONOMIC PROGRESS

By Professor Erik Lundberg (University of Stockholm)

The Inevitability of Economic Progress

One often encounters the view that in a country such as Sweden economic expansion, apart from temporary interruptions arising out of wars and business fluctuations, is on the whole a fairly automatic process. Industrial production and

iron ore deposits and two veins of magnetite iron ore in granite in the Colony.

In 1923 F.R. Tegengren wrote an account of the "Iron Ores and the Iron Industry of China" and in his paper he recounted Weld's description of Ma On Shan and added an estimate of 910,000 tons as the reserve of workable iron ore available by open quarrying and he mentioned (after Weld) that two and a half tons of crude ore would yield one ton of high grade concentrate.

The "Geology of the British Empire" by F.R.C. Reed published in 1921 has one page (p.348) devoted to Hongkong. The Colony is described as "a fragment of an ancient plateau . . . consisting mainly of granite, serpentine and syenite."

Of the structure one reads "The whole Colony is traversed by a series of parallel mountain-lines running from northeast to southwest . . . and between these mountain ridges is the Tolo Channel. A series of bays trending northwest to southeast also indents the margin, and these bays tend to occur along parallel lines. Two sets of fractures intersecting at right angles, such as are typical of fiord-districts according to Gregory, may be suspected to account for these features, but intense subaerial weathering owing to excessive rainfall and the drowning of the valleys by later submergence have modified these characters."

From this summary account, necessarily fragmentary, we can see that important conclusions were reached on the physiography, succession, weathering, structure and metallic ore minerals in this Colony. Many of these conclusions have either been neglected or only scantily treated in later reports, thus the effects of deforestation on the landscape, the weathering mantle on the granite, the importance of NW-SE structures and the hard tips on the southerly projecting promontories of Hongkong Island, are topics which deserve amplification in future work.

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real national income in Sweden have risen since 1945 at a rate of about 3—4% annually. Real incomes and the standard of living in the widest sense have increased at roughly the same rate. There have of course been fluctuations in the rate of growth, and in some years the increase in production has been larger, and in other years smaller, than the average. Over a fairly long period, however, one has the impression of an almost automatic process of growth in the Swedish economy, corresponding to something like a doubling of the total volume of production in 25—30 years.

The impression that economic expansion is an automatic and inexorable business is strengthened when one takes into account that this growth has taken place under rather fluctuating conditions—inflationary pressure and detailed regulations during the period 1945—49, open inflation from 1950 to 1952, followed by a period of fairly satisfactory economic balance achieved with the help of a restrictive fiscal and monetary policy. The impression is further reinforced by our experience of historical statistical series over a lengthy period of time. Since industrialisation began in Sweden in the mid 19th century the rate of increase in the real national income has been a pretty steady 3% per annum. There is no particular need to stress that conditions for economic development have varied to a very great extent during this long period. Periods of rising and falling price levels have succeeded one another, we have had relatively high and low customs duties, periods when large amounts of capital were imported followed by periods of capital exports, high and low taxes, i.e. almost continual increases in the pressure of taxation, and rapidly increasing state influence over the functioning of society, particularly since the beginning of the 1930s.

It is not necessary here to go into all the problems of measurement that arise when attempts are made to investigate the long term development of real production, problems that arise because of continuous and enormous changes in technique, tastes, the quality of goods, in the composition of consumption and in relative prices. As far as Sweden is concerned the existing national income studies tell us much the same as those for many other countries, that progress has been made at a remarkably even pace since the industrial revolution, particularly when one bears in mind the continual changes in economic conditions.

One conclusion which one is tempted to draw from the results of these investigations is that the forces making for economic progress do not seem to be particularly sensitive to changes in the political environment or to fairly radical shifts in the economic policy of the government. The repeated warnings that have been given throughout the ages, not least by prominent businessmen and economists, that the forces of progress were being suffocated and the foundations of our wellbeing undermined by the fiscal and social policy being pursued at any one time, have never yet been confirmed. The initiative in matters that promote material progress, new production, risk-taking, inducement to invest, capital formation, and saving has shown, at least in the long run, that it is sufficiently alive to keep economic expansion going. It seems that the pessimistic long term forecasts, which were in themselves perfectly reasonable and justified against the background of a past era, have shown themselves to be in error, *ex post*. Entrepreneurs and savers have

on each occasion become accustomed to the new order of things, to the new "worsened" circumstances, have forgotten the warnings, and carried on with "business as usual". If we study the experience of the past ten years it does seem in fact as though the economic policy of full employment has, in spite of high taxes and inflation, led in Sweden and in a number of other countries to a significant increase in the rate of growth of productivity. This is in large measure due to the success that has so far been experienced in eliminating cyclical fluctuations, which had previously had a considerable retarding effect on economic expansion. In Sweden the real national income per head of the active labour force has for instance risen by about 3.5% per year during the post-war period, as against the 2—2.5% of earlier periods.

Observations such as those that have been sketched above in very rough outline ought on the one hand to provide serious food for thought for all those who at the present time are busy issuing new warnings about the dangers for progress that are involved in such things as the rapid and steady growth of the state sector and the growing control by the state over the formation of capital. On the other hand, there is every reason for stressing at the same time the dangers of mechanical conclusions based on these observations about the apparently automatic character of economic advance. We can never be absolutely sure. There are good grounds for making strong reservations, even in Sweden, about the stability of economic expansion.

The prophecies of the economists

First of all, it is perhaps appropriate to draw attention to the fact that the leading economists in different countries and at different times have placed widely differing interpretations on the outlook for future economic developments. In fact it is possible to speak about considerable cyclical fluctuations in attitudes to the future, oscillating between black pessimism and the fear of impending stagnation and cheerful optimism and a light-hearted hope for the future. Thus, in spite of the growth of industrialism in Britain and the accompanying rapid increase in material wellbeing, it was fashionable to be pessimistic during the first half of the 19th century. Ricardo and John Stuart Mill took the view that the expansion of industry and the rapid growth of population would, as a result of the scarcity of land and foodstuffs of which the supply was subject to the law of diminishing returns, lead to a rise in the rents on land, to fairly constant real wages and to falling profits. This development in the distribution of income would mean a growing scarcity of savings and a fall in capital formation. Finally, when profits had fallen almost to zero, economic progress would come to an end and a sort of stationary state of the economy would be reached, which one was free to like or dislike as one chose. Other forms of pessimistic forecasts about the future, based in part on classical theory, owed their prominence primarily to the doctrines of Marx.

Even the economists can tire of being pessimists, however, particularly when economic reality stubbornly refuses to be influenced. During the second half of the 19th century and up to the time of the first world war progress was rapid and fairly free from cyclical fluctuations in a number of countries, and this left its mark on the beliefs the economists held about tomorrow. The economists who set the fashion at the end of the 19th and beginning of the 20th century, such as Marshall in England, Clark in the United States, and Cassel in Sweden, constructed elegant theories about the endogenous capacity to expand of the capitalist system and drew optimistic conclusions about future possibilities. Then came the setback of the inter-war period, and in particular the Great Depression of the 1930s and the prolonged stagnation of activity in the United

States, the country which of course had previously symbolised the most overwhelming proof of the dynamic powers of expansion of the capitalist system. The distressing experiences of the 1930s gave rise to new systems of thought among the economists, and we had new and fine stagnation theories. Keynes in England, Alvin Hansen in the United States, and in some measure Myrdal and Ostlind in Sweden, now demonstrated how economic progress was primarily threatened by too much savings and too little consumption. The picture was not painted entirely black, however, for at the same time the theories showed how it was possible for the state to make use of various means to put an end to the tendencies to stagnation. Finally, at the present day, when there has been no great post-war depression and the stagnation tendencies of the 1930s have turned out to be only an episode, there has been a new shift towards an optimistic outlook on the future, towards the atomic age. In many cases the problem of capital formation has again been reversed, and the voluntary savings made available seem to be much too small in relation to large and growing investment needs. It is not anticipated, however, that the shortage of savings will primarily slow up the rate of expansion. Many economists take the view that full employment ought instead to lead to rapid progress, with steady and progressive deterioration in the value of money or with sporadic inflationary eruptions.

This is of course an extremely summary outline, but it is only intended to show how quickly ideas change. The conclusion to be drawn is that we neither ought nor need to believe implicitly what the experts say about long term economic developments. Economic theory, including empirical trend studies for the recent past, is simply not able to provide a foundation for any absolutely certain forecasts. All that it can do is to systematise the complex of problems, and it is this which helps to make a study of the experience different countries have in fact had of economic development of value for judging the degree of stability in economic progress. What follows is based on some comparisons and is of course only designed to stimulate thought. It does not aim to give clear and simple answers to impossible questions.

The variability in the rate of expansion in different countries

The example of France:

The first thing that can be said is that the rate of expansion has undergone considerable variations even for the countries that have shown continuous and relatively rapid progress since the beginning of the industrial era. For quite a number of these countries the rate of expansion seems to have reached a maximum in the decades round about the turn of the century, after which there has been some slowing down. It is still too early to judge whether the relatively rapid rate of increase in real national income which has emerged in a number of countries since the war is a purely temporary phenomenon. The variability in the rate of advance over long periods is at any rate an observation that is of the greatest interest in gauging the stability and the more or less automatic nature of progress.

Larger and more interesting differences emerge if one compares different countries. For long periods countries like France and Italy have visibly stagnated economically, in sharp contrast to the rapidly expanding economies of Western Europe and America. The economists can point to a number of factors that account for economic stagnation in France, but they cannot of course be absolutely sure as to the reasons for this stagnation. For it is not simply a matter of mechanical relationships between population developments, capital formation, technical progress, etc. on the one hand and economic expansion on the other. It is also

a question of environmental factors of an indefinable character which are bound up with political and social factors, and with a unique and complex history. Economic developments are accordingly conditioned by a number of factors that do not permit of analysis with the aid of economic and statistical tools.

If, however, one looks back on the extremely slow process of industrialisation in France during the 19th century (and even to some extent as late as until the Monnet Plan), when a surprisingly large proportion of the population continued to engage in rather unproductive agriculture, some factors do emerge as obvious "causes". The slow growth in population was undoubtedly a fundamental cause of the economic stagnation. The rapidly falling birth rate meant that the population was beginning to stagnate from the middle of the 19th century, and this stationary population situation has contributed to the rigidity and inflexibility of the French economy. The relatively small annual intake of young workers has reduced mobility, while at the same time there has been a high incidence of stagnating enterprises and branches of the economy and very few expanding branches. This has also led to a great reluctance to invest. In a stagnating economy production does not grow so easily through the mistakes that must always be a feature of dynamic and expanding business activity. New investments are accordingly very much more risky than in an economy that is expanding quickly. Another characteristic of the French economy for long periods has been the low rate of investment activity in the domestic economy. This does not seem to have been the case for saving, however, and so there has been a surplus of savings which, in accordance with French pessimism and desire for security, has been hoarded in the form of gold or found its way into gilt edged securities. Sweden was one of the countries that was able to raise loans on the French capital market during the second half of the 19th century, for financing the construction of railways and houses. This long-term stagnation in the French economy illustrates very graphically that a high level of savings is not a sufficient condition for economic progress. It has been estimated that in the decades immediately preceding 1914 something like 1/3 to 1/2 of French savings were invested abroad.

French experience can also offer another, and for us perhaps a topical lesson in the matter of capital formation. The relatively high saving combined with low investment activity in the French economy itself tended to produce a high propensity towards inflation. This is indeed a paradox. Keynesian thought says quite the opposite, although it should be noted that Keynes' teaching touches only the short run effects. The low level of investment and the population factors discussed above led in the long run to a fairly rigid and inflexible structure of production with a low elasticity in the supply of goods. When on various occasions demand increased more rapidly than was normal the result was not primarily an increase in production but a rise in prices. The experience of inflation in the inter-war period checked the propensity to save, and this development led to a harmful and vicious circle, where low internal capital formation was the cause of low productivity, which in turn meant relatively low and only slowly increasing real incomes, with insufficient saving as the final result. The marked bias in favour of protectionism in the form of customs duties and various types of import regulation can also be traced to this complex of reasons for the weakness of the French economy. It is to be hoped that the great industrial expansion that has taken place in France in the post-war period (the index of the volume of production has increased by 50% since 1948), does signify that the French have at last broken out of the vicious circle and that this will also lead gradually to more decisive measures in the direction of a freer economy and a much more liberal attitude to foreign trade.

The stagnation problem in the "underdeveloped" countries

The "under-developed countries" in Asia, Africa and South America, which account for 2/3 to 3/4 of the world population but for only about 1/6 of "the world income", do of course pose far more dramatic development problems which are in part of quite a different kind from those of the industrial economies of the west. If we ask ourselves why economic expansion has not taken place on any significant scale in these countries we can however obtain a somewhat different view of the general conditions for stability in economic development, and these are also of interest for the problems discussed in this essay.

There is a "circle of poverty" in these countries from which it is difficult to escape. A very small quantity of real capital in the form of capital equipment per head of the population means very low productivity, which means correspondingly low real incomes and a low standard of living, which can give rise to very little new saving. The increase in population and the slight increases in real capital preclude any appreciable rise in productivity, and so the circle continues. The distribution of income is often extremely unequal between some preposterously rich and a multitude of absurdly poor. Sometimes quite a significant amount of saving can take place, as a result of the very uneven distribution of income, but to a very great extent this is put to unproductive uses, such as hoarding of gold, purchases of land, speculative transactions in commodities and so on. One reason is the almost complete absence of purchasing power and expanding markets, which would provide profitable, attractive and productive investments, e.g., for industrialisation. In a predominantly natural or barter economy there is no scope for a progressively expanding division of labour, for, as Adam Smith says, "the division of labour is limited by the extent of the market". There is little risk capital and little entrepreneurial activity, the climate of opinion is in addition sometimes markedly hostile to business, and these explain the relative absence of investment activity for the purpose of expanding production and the continuing low level of productivity. These in turn are responsible for the absence of markets with plenty of purchasing power.

This "circle of poverty" can be broken. There have been examples, and we must hope for many more. However, the object is not to take up for discussion here the possibilities of bringing to pass a better and more peaceful world with a more equitable income structure, in which the countries with the highest living standards and resultant high propensity to save do not, just by reason of the cumulative nature of economic development, steadily increase the real income gap between them and the poor countries of the world. Our task has been to show how economic expansion is determined by a number of factors and therefore how variable and little automatic it in fact is.

The relationship between capital formation and the rate of progress

One conclusion from the above survey should be that we cannot assume without further ado that the economic development of Sweden proceeds automatically at a rapid rate of expansion, as has on the whole been the case in the past century and the past decade. The comparisons and considerations set out above are naturally very schematic, but they do justify the conclusion that the circumstances surrounding economic development are sensitive and complex. There is an extremely complicated and changing causal connection between population developments, capital formation, productivity and real income. Taken by itself, for instance, a stagnating population should provide scope for a rapid increase in per capita real income. Quite a

THE FOREIGN TRADE OF JAPAN

THE NATURE OF JAPANESE TRADE

Japan's post-war foreign trade as well as in pre-war years has the nature of inclining substantially to excess of payments over receipts. In such a country as Japan where development is behind other capitalistic nations of the world, there is an inveterate inflationary trend which originates in the fact that a reserve power of national savings arising

large part of the annual amount saved is required for bringing up and educating a growing number of children and providing capital equipment for a growing labour force, and this saving could otherwise be devoted to providing a greater amount of capital equipment per worker and to increasing productivity. In a number of "underdeveloped" countries, the continual pressure from a rapidly increasing population means that there is not room for any considerable increase in productivity and raising of standards. Egypt is the classic example of this. But on the other hand the example of France demonstrates that a society can instead lose so much of the dynamism, mobility and flexibility that a fairly rapidly increasing population brings with it that the economy tends to stagnate.

The amount of and direction in which capital formation takes place is in every case a central problem. The poor countries with stagnating economies have a low net savings ratio. According to available, but admittedly extremely tentative, calculations the net savings ratio is often much less than 5% of the national income, compared with 10 to 15% for the expanding economies of the west. Moreover these savings, for the reasons discussed above, only benefit productive investments to a very limited extent. There is undoubtedly a close connection between economic progress and capital formation. An average annual increase in real national income of about 3% over long periods, which has been fairly normal for the progressive countries of Western Europe and North America, requires additional capital equipment in the economy if efficiency is to be maintained. This relationship can be illustrated by considering the results of American investigations made for the period 1870—1950, which suggest a relationship between the volume of net investment and production of something in the region of 3:1. This means that an increase in real national income by a certain amount requires, with unchanged exploitation of productive capacity, an increase in the volume of net investment by three times that amount. Progress at the rate of 3% would thus correspond in the long run to a requirement of net capital formation constituting 9% of the net national income, while a rate of expansion of 4% would correspond to a savings ratio of 12%. Naturally, these simple mechanical models are a gross simplification of reality. Investment needs are dependent for one thing on the direction the expansion follows and its allocation, e.g. to houses and services. Nevertheless, one gets some idea of the nature of the relationship. American investigations also show that the relationship between increase in capital and the speed of expansion seems to have been substantially constant for long periods. A net savings ratio of 10—12% seems moreover to be a fairly normal result of the bold calculations that have been made for different countries, and there is good reason for supposing that this saving and investment in new capital equipment have constituted an essential condition for the rate of expansion that has been observed.

from low earnings fails to meet ample chance of investments and interest in investments.

Viewed, moreover, from a long history of economic development of each country, the tempo of expansion of its domestic and overseas markets is determined by the difference of relative economic growth between each nation. In a country like Japan which has staged a comparatively high-pitched growth among various nations of the world, its balance of trade generally tends to become unfavourable.

Besides, Japan is not merely very poor in natural resources considering her economic level, but she heavily depends upon foreign imports as seen in Chart 1. Japan after World War II has lost about 44% of her pre-war territory. Her plant facilities were destroyed by about 40%. To boot, with demobilized and repatriated people coming home in great number, her population has swollen by more than 6 million in the two years' period immediately after the war. Such was the background when Japan started for her course of post-war reconstruction.

Under these circumstances, it was natural that an inflationary gap should be produced even in order to maintain the lowest consumption level of the nation. On the other side of this economic phase was an excess of imports over exports in international balance of payments.

This will be accounted for by the fact that the deficit in international balance of payments can never be eliminated by only halting a domestic inflationary trend. In Japan, domestic inflationary trend is not responsible for the deficit in international balance of payments which is a basic feature of her economic structure.

In modern economic theory, import is considered as a function of national income. But this is not true of Japan since it is applicable only when domestic production is a function of income. Because a substantial portion of Japanese imports is intended for covering a scarcity in domestic production as seen, for instance, in the import of rice which is a staple food for Japanese. Such an import is in inverse proportion to income.

Chart No. 1
Rates of Dependence on Foreign Imports Broken Down
by Staple Commodity

		Imports Output + Imports × 100	
		1934—36	1953
Foods	Rice	8.6%	11.5%
	Wheat	24.5	65.7
	Barley	0.9	25.7
	(Staple food)	(9.6)	(22.9)
	Sugar	87.7	95.3
	Soya bean	69.8	50.2
Industrial raw materials	Coal	11.1	9.6
	Coal as industrial material ..	—	32.3
	Crude oil	93.5	94.7
	Iron ore	93.4	79.7
	Tin ore	87.2	85.5
	Bauxite	—	100.0
	Salt	65.0	75.0
	Phosphate rock	100.0	100.0
	Raw rubber	100.0	100.0
	Cotton	100.0	100.0
	Wool	100.0	100.0
	Rayon pulp	81.4	26.7

Source: International Trade and Industry Ministry.

Chart No. 2
Japan's Balance of Trade
Pre-war (In ¥1,000,000)

	Export	Import	Balance
1912	527	619	— 92
1916	1,127	766	— 371
1921	1,253	1,614	— 361
1926	2,045	2,377	— 322
1930	1,470	1,546	— 76
1934	2,172	2,283	— 111
1937	3,175	3,783	— 608
Post-war (In ¥1,000,000)			
1947	174	534	— 360
1948	258	684	— 426
1949	510	905	— 396
1950	820	974	— 154
1951	1,355	2,047	— 692
1952	1,273	2,028	— 755
1953	1,275	2,410	— 1,135
1954	1,629	2,399	— 770

Source: Finance Ministry.

In other words, price-elasticity for imports is low in Japan where raw materials and the necessities of life constitute the major part of her imports. Import is rather highly correlative to production volume and exports. Naturally import controls caused by price effects of import excess do not function completely. Correlative prices in Japan go down by import excess. And as a result, as exports increase, imports follow suit to pick up. Viewed from the economic structure, Japan is linked with world trade through import, while her export is a vital means to enable importation.

Such being the case, Japanese trade, as indicated by Chart 2, has tended to an inveterate import excess, except for an export boom during World War I. The unfavourable balance of trade thus produced in pre-war years was met by remitting gold and silver specie, or by running through specie holdings abroad. It was also replenished by net receipts in invisible trade. In post-war years, the balance has been filled up by United States aid and special procurements by the US Army which are described as an abnormal pattern of Japan's invisible export.

DEVELOPMENTS OF JAPANESE TRADE IN THE POST-WAR TEN YEARS

The end of the Pacific War on August 15, 1945 left Japanese nothing but a total dejection and devastated fields together with tons of the wrecked producing facilities lying over a vast wilderness of smoking ruins. Ten years after, Japan, though having experienced many turns and twists, is now marching steadily towards economic independence under a free economic structure, in a strong bid for a firm footing in the world's economy.

From the point of trade policy, Japan's post-war trade can be broken down into the following four periods:

(1) August 15, 1945—August 15, 1947: The period during which Japanese trade was placed under entire and direct control of SCAP (Supreme Commander for the Allied Powers).

(2) August 15, 1947—June 25, 1950: The period featured by resumption of partial civil trade, institution of a single exchange rate and restoration of normal trade.

(3) June 26, 1950—July 27, 1954: Korean war period.

(4) July 27, 1954—up to now:

(1) From August 15, 1945 to August 15, 1947:

This period began under conditions peculiar to defeated nations marked by loss of settlements, devastation of lands, scarcity of raw materials, food crisis and destruction of industries. But with the United States extending her aid

soon in line with an inflationary policy and economic controls, the nation's economy staged a gradual recovery. Trade during this period was conducted under overall direct control of General Headquarters of SCAP. This was what we called the controlled trade period.

By way of a domestic administrative measure, a Trade Board was established to handle export and import as a unitary organization subordinate to GHQ. As regards export, the Trade Board delivered all the export goods to GHQ and the proceeds obtained abroad, or foreign exchange, were entered on the credit side of GHQ's account on Japan trade. Meanwhile, GHQ purchased various import goods for Japan on the same account and delivered them to the Trade Board. In short, GHQ took charge of foreign exchange and handled all practical business on export and import. The Trade Board had charge of domestic currency alone and took care of export price payment to domestic dealers and of receipt of prices for import goods through the Foreign Trade Fund Special Account based on yen funds.

Thus, there was no direct relation between the yen funds and foreign currency funds, with settlements made separately at home and abroad. Such was anyhow an abnormal pattern for trade procedures.

Another noteworthy event in this period was the break-up of Japan's "zaibatsu" (big businesses). Particularly, collapse of zaibatsu-affiliated firms hit Japanese economy hard since in pre-war years they shipped out Japanese goods to world markets in great quantity, having control of Japan's wholesalers and foreign traders with the well-organized staff and an extensive network of intelligence mediums.

Imports during this period included an overwhelmingly large quantity of staple foods, sugar and other provisions, which accounted for 56% of the total imports, as against 35% for cotton and other textile products, 3% for petroleum and another 3% for fertilizers. Exports, on the other hand, were only about one third of imports, with silk taking 55%, metals and mineral products 14%, coal 10% and machinery 5%. The latter three items were wartime stockpiles which were appropriated by order for export.

(2) From August 15, 1947 to June 25, 1950:

During this period, civil traders were allowed to join business which was closed between them after obtaining approval from GHQ and the Trade Board. This was a resumption of partial civil trade. Nevertheless, foreign exchange rates were not established as yet, and the fixing of prices were within the competence of GHQ.

Later in April, 1949, single exchange rate was instituted, and in December of the same year export transactions were transferred to private trading houses.

Further in January, 1950, import transactions were finally put in the hands of private firms. Meantime, to cope with the overall resumption of private trade, the Government enacted the Foreign Exchange and Foreign Trade Control Law with the result that a considerably large proportion of export deals was placed under an approval system. In respect of import, a system based on import foreign exchange budget was established for the purpose of controlling imports with a foreign exchange allocation framework fixed according to the respective area of sterling, dollar and open accounts. This system remains till now.

With the institution of a single exchange rate, the old system of multiple exchange rates, which discharges its function of protecting industries, was abolished, with the result that Japanese industries since have been linked with the world's economy. Coincidentally, there followed a set of deflationary policies for economic stabilization, including ultra-balanced finance as a domestic policy. This is what was called the Dodge Plan after the name of its drafter, Joseph Dodge, US Army counsellor and president of Detroit

Bank. With the appearance of this plan, Japanese economy saw a number of sad phenomena such as a marked increase in stockpiles of exports and break-ups of small and medium enterprises.

(3) From June 25, 1950 to July 27, 1954:

On June 25, 1950, an armed clash broke out in Korea, which is separated by a narrow streak of water from Japan. An export boom soon ensued, playing a part of the so-called "divine wind" to relieve Japanese economy of the hard times brought by the deflationary policy. Things took a sudden turn as the deflationary trend then prevailing soon changed into an inflationary trend. In one year after the first half of 1950, exports, supported by earnings from the special procurements, doubled to bring Japan's international balance of payments definitely in the black.

(4) From July 1954 up to now:

But the favourable trend caused by such special overseas factors did not last long. With signs growing of conclusion of an agreement of the Korean war truce, the nation's foreign trade faced a critical situation, beset with intensifying competitions for expansion of export markets and tightened import restrictions, among each nation since 1952.

Particularly, export to the sterling area was heavily depressed in the period of from the second half of 1952 to 1953. Japan then held trade talks with Britain, starting in January 1953, and on April 4 an agreement was reached to remove restrictions on Japanese imports in the sterling area. As a matter of fact, however, relaxation of such restrictions was anything but conducive to improvement of Japanese trade as generally expected. Japan's trade afterwards went on plunging into a difficult position.

Meantime, it was made clear that the so-called MSA aid based on the Mutual Security Agency Act of 1951 was not an economical aid, as it, after all, ended in mere wheat imports. MSA rather disappointed Japanese industrial circles which had looked forward to it as a means of breaking through difficulties then confronting them.

Such a predicament added further to depression in Japan's trade in later years as accounted for by the following developments:

Firstly, as a result of an improvement in Japan's international balance of payments, United States aid to Japan was discontinued from the US fiscal 1950-51. The US aid which amounted to 530 million dollars, a record high, in 1949, or 59% of Japanese imports in the same year, declined to 360 million dollars in 1950 (37% of the year's imports) and 160 million dollars in 1951 (8% of the year's imports). Finally, the aid was entirely discontinued from the second half of 1952.

Secondly, measures for almost prohibitive restriction on Japan-Communist China trade were adopted. The restriction which began in December, 1950 caused a marked decline in Japan's trade with Red China which had staged a sharp increase since the beginning of the year.

Thirdly, Japan's trade scale failed to expand after 1952. This was attributed to the fact that the Korean war boom disappeared in less than one year. Besides, Japan in those days required some fresh economic conditions for the development of her trade since her economy and trade had already gone through the first stage of post-war recovery.

Fourthly, imports staged a sharp rise from 1951 to 1953. Background of this trend was a domestic inflationary factor caused by increases in the special procurements and private investments as well as swollen national finance, which curbed expansion of exports and increased imports. Particularly, import excess in parallel with adverse conditions in foreign exchange payments, in 1953 reached an all-time re-

cord high, giving each person the impression that Japan may experience a national bankruptcy.

In consequence, a retrenchment policy was enforced in 1954 through tightening financing (notably in import) and financial curtailment (particularly in financial investments and accommodations). This was designed chiefly to improve the deteriorated foreign exchange position by reducing imports and increasing exports to cope with the critical situation of foreign exchange developed in 1953.

Naturally, there ensued deflationary effects on the nation's wholesaling group, such as bankruptcy of trading firms and issuance of dishonoured bills. As regards industrial concerns, too, confusion prevailed over a considerably wide range of small and medium enterprises, resulting in heavy falls in wholesale prices and production, and swollen stocks.

Despite such circumstances facing domestic economy, the nation's foreign trade took a favourable turn in 1954, with exports showing a sharp rise of 360 million dollars over 1953 and imports declining by 10 million dollars from the same year.

In 1954, imports in the second half of the year took a sharp downturn in contrast to those in the first half. Though balance of trade still remained in the red, international balance of payments showed an excess by 100 million dollars of receipts over payments, due partly to earnings from the special procurements by US Forces. Viewed quantitatively, both exports and imports were up 31% and 2% respectively over 1953 because of declines in export and import prices.

Broken down by area, exports to the sterling area rose by 55% and those to the open account area increased 23% over 1953. Exports to the dollar area also were a little higher.

Reasons for such a favourable trend in exports were:

(1) The above-mentioned retrenchment policy at home resulted in difficulties in financing of enterprises and an inactive domestic demand. Hence, adoption of aid measures for export financing aroused interest in export which ensure safe and quick collection of prices. This entailed lower export prices, thereby placing Japan in a favourable position in international trade.

(2) Rationalization of plant facilities caused by brisk domestic investments after the Korean war took effect.

(3) Third of the reasons was an increase in the volume of world trade due to comparatively favourable conditions of world business, coupled with relaxations of import restrictions on Japanese goods by countries which are destinations of Japanese exports.

The favourable trend in Japanese trade was accelerated further by the nation's export expansion to the United States which was largely attributed to a business boom in that country since autumn of 1954.

Japan's exports in the January-September period 1955 ran at an annual rate of 1,940 million dollars. Foreign exchange allocations for imports also reacted favourably to such improved exports, showing a marked increase over last year, due to heavy food imports as well as replenished stocks of raw materials at home.

THE STRUCTURE OF JAPANESE TRADE

A comparison of Japan's post-war trade structure with that in pre-war years shows that:

(1) As regards the import goods structure, foods and raw materials have risen in importance, while finished goods today weigh nothing.

(2) In the export goods structure, textile products have receded into the background, whereas metals and machinery have been regarded as very important.

(3) Post-war Japan has found her economy depending less on foreign trade than pre-war.

(4) Trade has not yet recovered to the pre-war level.

(5) The United States has gained greatly in importance both in Japanese export and import, while Southeast Asia also has carried great weight with the post-war Japanese trade. In contrast, the Asian Continent, including Communist China, has lost its significance in the post-war trade of Japan.

(6) The special procurements, which did not exist before the war, have taken an important position as a unique export item outside of Japan's regular trade.

(1) Changes in the Structure of Import Goods:

Broken down by commodities, Japanese imports in 1954 included 14 items. Of these, food imports amounting to 650 million dollars involving rice, wheat, barley and sugar, accounted for more than 20% of the total imports, as against 16.5% in pre-war years.

Despite a population increase of around 30% over pre-war, production of staple foods was little short of a pre-war level. Thus the nation had to rely upon imports to meet all the increased requirements of food caused by the swollen population. Imports of cotton, which is one of the nation's biggest import items, amounted to 430 million dollars.

Inclusive, moreover, of wool and others, total imports of textile materials in 1954 reached as much as 640 million dollars. Imports of raw cotton have increased year after year, with the 1954 figure registering 1,300 million lbs. But this was still by far smaller than the pre-war imports of about 1,800 million lbs, because post-war cotton spinning has been operated on a smaller scale than before the war. The import volume of wool in pre-war years was approximately 210 million lbs. In 1953, Japan's wool imports recovered to the above level, but 1954, the following year, saw the imports dropping to 160 million lbs. Percentage of combined imports of such textile materials against the nation's total imports has fallen to 26.6% from the pre-war figure of 30.3%.

Domestic production of iron ore in Japan is rated at no more than 1 million tons a year. Therefore, increase in iron and steel production will immediately result in a rise in imports of iron ore. In pre-war years, Japan imported about 3 million tons of iron ore, while her post-war imports were 5 million tons in contrast to 3 million tons for 1951. This means that Japan's iron ore imports have risen from the pre-war 1.1% to 2.8% in the percentage against her total imports.

Pre-war imports of petroleum were 5 million kilolitres, while in post-war years imports have staged a sharp increase with 10 million kilolitres in 1954 as against 9 million in 1953, reflecting an overall switchover to heavy oil in the use of fuels for industrial purposes.

Imports of machinery in post-war years have remained almost unchanged from pre-war years due largely to imports of rationalized machinery.

(2) Changes in the Structure of Export Goods:

Export of cotton cloth, a representative of textile products, has maintained its position as king of Japan's export items invariably through pre-war and post-war years. Exports, which registered 750 million square yards in 1949, or third largest in the world, jumped in 1954 to a spectacular 1,208 million square yards, the world's highest record.

Nevertheless, this is still below half of the pre-war level of 2,800 million sq. yds, with percentage against the nation's total exports showing a decline of from the pre-war 52.1% to 40.3% in 1954. Major reasons for such a decline in the post-war cotton cloth exports are: (1) Japan

has lost a big market for her textile products in Communist China which was her most important customer in pre-war years. (2) Cotton spinning has made remarkable progress in India, Egypt and Brazil. (3) Substitutes for cotton textiles have developed of late.

These were combined to result in a world-wide decline in the volume of cotton cloth transactions.

Noteworthy among other things is a sharp fall in exports of raw silk which before the war was one of Japan's biggest export items. In pre-war years, silk fabrics accounted for 13% of Japan's total exports, while post-war percentage has dropped to less than 4%. Responsible for such a decline was the development of nylon and other synthetic textiles.

Among the many commodities, metals and metallic products have shown by far the biggest increase in the export percentage against the nation's total exports, with 15.3% in 1954 as contrasted to the pre-war 8.2%. Among them, iron and steel exports ran at the highest pace. In contrast with the negligible pre-war exports of iron and steel, most of which were destined for Communist China, post-war shipments of the goods have reached as much as 118,000 tons, or worth 170 million dollars a year. Their destinations now cover a wide area of Southeast Asia, South America, the United States, Britain, West Germany, etc. The increased exports reflected the expansion of Japan's iron and steel industry due to World War II and the world-wide post-war increase in the demand for iron and steel.

Exports of machinery also have risen remarkably over pre-war years. Export percentage against Japan's total exports has mounted to 12.4% in 1954 from the pre-war 7.1%. Such post-war changes were not only outstanding quantitatively but also in the description of export commodities. Rolling stock and parts and bicycles and their parts which constituted the major proportion of Japan's pre-war exports have greatly decreased in post-war exports. Instead, exports of sewing machines, optical instruments, electrical machinery and steel vessels have rapidly increased since the end of World War II.

For the rest, chemical fertilizers, with ammonium sulphate as a primary item, cement, ceramics and toys have grown bigger in importance in the list of Japan's post-war export items. Particularly, agricultural and marine products as well as sundries with toys as the major item, have been shipped to the United States in large quantity, earning Japan a considerable amount of dollar currency.

(3) Decline of Trade Level:

Japanese economy ten years after the Pacific War has seen considerable increases in production index and in consumption level. As regards mining and manufacturing, the production index has risen to 167 and the consumption level to 115, with 1934-36 taken as 100.

In contrast, trade level alone has dropped sharply, with post-war exports registering 46.3% and imports 76.6% in their percentages against pre-war figures.

The post-war rate of earnings from foreign trade against their national income has fallen sharply from the pre-war 23% for export and import respectively to 9.8% for export and 14.4% for import.

As reasons for such a strange phenomenon, two factors may be considered: one is a remarkable post-war development of domestic resources involving chemical textile industries and electric power and the other is a rise in self-supply of various raw materials such as pulp, iron ore and coal.

As regards the decline in export level, loss of Communist China and former settlements as the nation's major export markets is given as a main contributing factor.

The low level of importation persistent in spite of higher levels than pre-war of mining and manufacturing production and of rational earnings will be accounted for by the following fact.

Such industries as cotton spinning, whose production costs are constituted of relatively high-priced materials, have receded into the background, whereas post-war Japan has attached importance to such industries as chemical and mechanical production which call for high-degree processing.

Such a trend is attributed to the highly-advanced industrial structure, a rise in the percentage of foreign exchange acquisition by export goods and an increase in the self-supply of raw materials. Meantime, despite a low level for export, import level is relatively high along with high levels for production and national earnings.

(4) Change in the Trade Market Structure:

For pre-war Japan, Communist China and former settlements constituted a substantial portion of her trade, as these areas accounted for approximately 40% of the nation's total exports and imports respectively.

After the war, however, Red China has been left out of Japan's markets now that the country has been under the socialistic planned economy and subjected to a rigid trade control placed by COCOM (Co-ordinating Commission for Export Control).

The biggest post-war change in Japan's trade is her all-out dependence on the United States, or an all-out reliance on imports from that country.

Pre-war Japan imported foods from her old settlements and iron ore, coal and soya beans from Communist China to make up for her short supplies to meet domestic demands. However, with these areas falling out in post-war years, Japan turned to the United States for import of all those commodities.

Japan's dependence on imports from America, as a result, has come to the highest degree. Behind such post-war developments was a sharp decline in exports of raw silk which before the war held a premier position in the nation's export to the US.

Japan relies on imports from America for her necessities including foods and raw materials, while her exports to that country comprise light industrial goods and agricultural and marine products. However, post-war trade between Japan and the United States has been so heavy in the latter's favour that Japan has had to resort to such an unstable and abnormal way of meeting her unfavourable balance with earnings from the US Army's special procurements. Imports from the US bear high freights, resulting in high production costs in Japanese industries, and this poses a crucial problem for future Japan.

Noteworthy in the second place is the growing importance of Southeast Asia in the nation's post-war trade. This trend, in fact, has continued since before the war, but the nation's loss of Communist China and former settlements as its major pre-war markets has made Japan to attach more importance to Southeast Asia.

Southeast Asia, at any rate, is an undeveloped area. Accordingly, with the future progress of development plans there, exports, notably of capital equipment suitable for this area, are expected to see a gradual increase. In order, however, to export goods to this area which is suffering from an inveterate shortage of foreign currency, it is a pre-requisite to afford its people a purchasing power. To do so, Japan must increase her imports from this area.

Chart No. 3
Trade Market Structure

	Export		Import	
	1934-36 Average	1954	1934-36 Average	1954
US	15.9	16.9	24.7	35.3
Communist China	18.3	1.2	11.8	1.7
Korea & Formosa	21.3	8.3	23.5	2.7
Southeast Asia*	19.1	32.3	16.5	19.3
Europe	8.2	9.4	9.8	8.3
Others	16.6	31.9	13.7	32.7
	100.0	100.0	100.0	100.0

* Indochina, Thailand, the Malayan Federation, Singapore, the Philippines, British Borneo, Indonesia, Burma, India, Pakistan, Ceylon, Portuguese Asia.

Source: International Trade and Industry Ministry.

Southeast Asia will become more important for Japan. From a geographical point, Japan must shift its interest from the United States to Southeast Asia. This area will rise increasingly in importance in its commercial relation with Japan.

PROBLEMS CONFRONTING JAPANESE TRADE

The essential problems facing Japanese trade are in themselves the basic problems of Japanese economy. The structure of Japanese economy is featured by import excess. This biggest object of Japanese economy at present is the establishment of its economic independence, but it is difficult to achieve the end without eliminating the trend of trade featured by the chronic excess of imports.

Recently the Economic Planning Board, supported by a brain trust has been endeavouring to work out a six-year plan on economic independence. In brief, the proposed trade expansion is aimed at the accumulation of capital through expanding trade, thereby achieving the end of the independence of Japanese economy. The idea of domestic development has its object in releasing Japan from the current unstable plight of depending on foreign aids by mobilizing her economic potentiality for the development of domestic resources with emphasis on agricultural and other natural resources development. One thing to be noted here is that the alleged domestic development does mean the old nationalistic autarky nor does it contradict the idea of trade expansion.

After all, both ideas will arrive at one and the same conclusion that their final aim is to accelerate the accumulation of capital and wipe out the economic trend of Japan featured by adverse balance of trade. This conclusion rightly points to the biggest problem of Japanese trade, the solution of which—or improvement of the current economic structure—calls for a strong political power.

Moreover, it is to be noted that the improved international balance of payments due to the recent favourable turn in exports is largely attributed to factors outside the nation's economic structure such as world-wide improved business and relaxations of import restrictions as well as to the enforcement of the retrenchment policy. Metaphorically speaking, an illness—the deficit in the balance of foreign currency transaction—has been temporarily curbed by application of an antifebrile.

The favourable turn in world business as a contributing factor outside Japan's economic constitution would last for some time. Japan's foreign trade would also continue the current favourable trend. Be that as it may, the world is now moving in the direction of the promotion of free trade such as removal of foreign exchange controls, abrogation of high tariffs and differential duties and measures for subsidizing trade. With such a trend developing, some of the Japanese industries are now being "dragged into the cold open air out of a warm nursery." They must be prepared

LETTER FROM VIENTIANE

Local newspapers and magazines are very poor specimens—unfortunately. There is the Laos Bulletin. This is a mimeographed “throw-away” printed in French by the Lao Information Service, largely from material released to them by USIS, which in turn, culls it from the wire services. It is a poorly done re-hash of international news, and contains nothing original. There is another mimeographed “throw-away” which is published “from time to time” in a small town in the southern part of Laos. It is got out by a Frenchman of dual nationality who is subsidized in his efforts by the Prime Minister, so the calibre of the material can be guessed. This is also mimeographed in French and is, therefore, obviously not intended for popular consumption. It is, in fact, little more than the Premier’s sounding board for the benefit of the Americans, the French advisors to the Laos Government, and the highly educated Lao officials.

* * * *

Laos is a rather primitive state and it is here that one can study the many absurdities of American international, and particularly Far Eastern, policy to more advantage than in more complex and advanced communities where the many grotesque US policies are less apparent. Observation of American policy in Laos is painful, unfortunately.

To put the catastrophe of China and the present fiasco of Laos into proper perspective, one should take into account some basic, elemental socio-economic facts; among these are the following:

- 1. The much bandied process of “raising the economic level of a given society” requires that the members of that society work.
- 2. No large number of people ever worked very hard or very consistently unless they were compelled to do so.
- 3. In a society where the people find themselves obliged to work, this “raising of the economic level” can be reduced to the simple engineering terms of increasing the output of valuable product per man-hour of labor.
- 4. This may be accomplished by finding in the area a deposit of some valuable material that is enough, richer and more easily accessible than elsewhere in the world to offset inefficiency of local labor or high transport costs to market or both. In the past such products were natural rubber, tin, gold, etc.
- 5. This may also be accomplished by the development in the area of a technology so much advanced beyond that of the rest of the world as to make it economic to

for furious export competitions with various foreign countries.

Besides, many problems lie ahead of Japan’s trade in regard to the maintenance of current trade terms with some countries of the open account area, as well as with the sterling area, the trade with which has turned in Japan’s favour of late. Meantime, accumulated loans due from Indonesia and Korea, Japan’s principal markets, remain still frozen. The retrenchment policy by way of a domestic measure has resulted in boosting exports, but on the other hand has clamped down on domestic investment which strengthens a competitive power for export. Actually, the domestic investment has continued to be in low tone. After all, the future vital problem for Japan is how to co-ordinate such requirements as economic stabilization, need for export expansion and promotion of investment.

move raw materials to this area, process them, and re-distribute them throughout the world. Such a situation prevailed in England from the time of the introduction of the steam engine until the end of the 19th century.

6. This may best be accomplished by a combination of the two circumstances mentioned in 4 and 5 above. Such was the basic situation which hurtled the United States from its position of obscurity at the end of the Civil War to its present fateful position of the world’s most powerful state—in 90 years!

7. As these processes, or variations of them, occur and develop their full potentialities, several results accrue:

- A. Population increases. B. Competition becomes keener. C. The richest deposits of natural resources are depleted and more marginal deposits have to be exploited. D. The increased gross consumption enforces an increased gross production which intensifies the process indicated in C. E. The average efficiency per individual goes up. F. With it, the average requirement in valuable goods and services to support these more efficient individuals goes up. G. The improvements in transportation and communication, along with the necessity for greater literacy, further stimulated by cinemas, magazines, private radios, newspapers, television sets, automobiles, popular priced rail, sea, and air transport; all these expand the political consciousness and awareness of the common people and automatically create an additional and puissant demand for an even larger quota of valuable goods and services per individual. H. The net result of all these actions is to make the situation outlined in 6 above the minimum necessity for economic survival. The imperial powers recognized this and were already installing industry in their colonies adjacent to sources of raw material before the Second World War when its subsequent wave of revolutions smashed their empires.

8. Wherever 7-H and/or 6 above do not occur naturally, it will be a requirement of any successful plan of international administration to create such a situation synthetically.

9. The present policy of encouraging every group of persons that claims ethnic entity to seize, forthwith, the real estate upon which they happen to be squatting; set up comic opera governments; maintain comic opera armies, navies, air, and police forces; impose absurd and punitive tariff and trade regulations; and seize every piece of coin of foreign countries that comes within their reach, foisting in return upon their victims tons of artificial money which lacks even the merit of artistic printing; such a policy runs counter to all of the major economic forces at play in the present-day world. Even if such a policy were desirable—which it isn’t—it could not be sustained for very long.

10. Rather will these economic forces demand the establishment and implementation of a policy along the lines indicated in 8 above. For administrative purposes the earth will have to be divided into economically rational areas, and all interferences within and between these areas will have to be eliminated, regardless of the racial origins, skin pigmentation, religious professions, or tribal totems of the inhabitants.

11. Such areas will have to be created by combinations of the following methods:

- A. Surveys to search out valuable resources within the areas. B. Projects to control the natural forces of the areas, first to prevent damage from them; and secondly

to enhance the use of them. This involves control of forestation, pasture and grass lands, rivers, tidal areas, and the like.

C. The creation within and between such areas of the necessary transport facilities to make economically feasible the exploitation of the natural resources. D. The introduction of the necessary capital machinery into areas adjacent to deposits of natural resources where this is possible; and the arrangement of special lines of communication between areas of natural resources and areas where processing equipment may be operable, in cases where it is not economically feasible to move the equipment adjacent to the resources.

E. The training of the inhabitants of the several areas to qualify them to do the work of the area efficiently. Since, as indicated in 2 above, no large number of people will work except under compulsion; and since training necessitates discipline; and since no large number of people will submit to discipline except under compulsion; and since compulsion by armed guards is uneconomic: the conclusion becomes inescapable that economic compulsion will have to be artificially created in certain areas by the deliberate withholding of food from the inhabitants until they submit to discipline, and under it to training which will qualify them to do the work that has been made compulsory. The Communists have recognized this necessity in their policy of: "No work; no food".

12. Such a program can be carried out only under a world imperium. Therefore the emergence of a world imperium in the very near future is a social prediction of a high order of probability. The likely capitals of such an imperium are either Moscow or Washington.

13. In the interim current economic forces should erase some of the anomalies which presently confuse the picture. For example, Burma, Thailand, Laos, Cambodia, Viet-Minh and Vietnam, the Philippines, Indonesia and Malaya are areas capable of absorbing and supporting many more people than presently inhabit them. Southern Burma, Southern Thailand, Vietnam, and Vietminh could easily produce enough rice at economic costs to bring them revenues sufficient to meet their other needs. However, since the people of these areas are under no economic compulsion, they will not exert the necessary effort to produce enough rice at low enough costs to enable them to sell it on the competitive world market for a sufficiently large total figure to supply their needs for industrialization. Likewise, the people of Northern Burma, Northern Thailand, Laos, and Cambodia could be the natural suppliers of meat and vegetables to the lowland rice producing areas on a mutually economic and profitable basis. Here again the compulsion to work is lacking. This is aggravated by artificial national boundaries and lack of large scale socially useful capital.

* * *

America, rather than relying on financial support to the governments out here, should take action in the Far East by developing a rationally integrated economic program. The support of the peoples in this part of the world is potentially available and the will to oppose communization exists. But an active and determined policy has to be put to work in cooperation with the various Far Eastern governments and peoples. America is too hesitant and almost timid. Now when the US still commands the greatest arsenal in the world, it can proceed fearlessly and can afford to ignore threats from the Soviet Union. This presently favorable situation might turn—though to assume that may appear to be unduly pessimistic. What is disconcerting and apparently saps the determination of the US is the lack

THE PHILIPPINES IN 1955

PART TWO

FISCAL CONDITION OF GOVERNMENT

A. Cash Position of Government

The overall cash position of Government for the first eleven months of the year stood at P196.19 million of which P57.11 million pertain to the general fund, and P139.08 million to the special fund. This is an improvement of P77.71 million over the level at the end of the previous year, and P29.10 million above that attained at the end of the corresponding month, in 1954. The overall cash balance of the government has continued to increase during the period.

The expansion of the government's cash resources of P77.71 million during the period under review was brought about by the increase in revenue, the sale of additional PW & ED Bonds and the proceeds for the P60 million Treasury notes issued on September 21, 1955. These notes represented expenditures for economic development projects, the funds for the prosecution of which were first advanced from the General Fund. Of this amount, P44.60 million or 57 per cent went to the special fund, and P33.11 million or 43.61 per cent to the general fund.

B. Fiscal Operations

For the first ten months of 1955, the budgetary operations of the National Government in the general fund were characterized by a reduction of revenues collected and a substantial increase in government expenditures for social services and economic development, resulting in a deficit of P106.94 million as compared to a surplus of P9.89 million incurred during the corresponding period in 1954.

The decrement in net revenue from taxation was reflected notably in the drop in excise taxes of P28.54 million, other business taxes of P44.99 million, and other taxes of P0.73 million which exceeded the gains secured by import duties and income taxes of P29.02 million and P23.24 million, respectively. However, the increase in other sources of revenue of P17.11 million and extraordinary receipts of P32.0 million helped to check the deficit.

On the expenditure side, the government spent P611.67 million in the first ten months of 1955 as against P498.30

of policy in Western Europe and the appeasement policy of Britain.

In Laos, as well as in Cambodia and in South Vietnam, there is no sympathy with the communists; there is suspicion and fear of the Red Chinese. The very future of these peoples in what was formerly known as Indochina appears at stake. They look towards the US as protector and guarantor of their independence. They are willing to undergo privations for the sake of maintaining themselves against Soviet designs and Chinese invasion. But they will be afraid to arouse the ire of Moscow unless they know and see by action that the US is regarding the three states' frontiers as its own frontiers, and that the US will stand by the Laotians, Cambodians and Vietnamese—come what may. Financial support such as the US is pouring out is valuable though very often misused and benefiting small cliques only; however it has no political effect and does not reinforce the security and strengthen the national determination of the peoples in the Far East to resist communist aggression.

million for the corresponding period in 1954, or an increase of P113.37 million. Expenditures of all government offices, however, increased during the period under review, with the exception of the Congress of the Philippines, the Department of Education, the Department of Labor, and the Department of National Defense. This marked increase of expenditures was on account of economic, public works development, and social-welfare projects.

The expansion of expenditures of P10.78 million by the Office of the President, P1.10 million by the Department of Agriculture and Natural Resources, P49.23 million by the Department of Public Works and Communications, P10.58 million by the Department of Health, and P25.57 million by the Philcusa, all these reflect the new trend of government expenditures.

C. Public Debt

The outstanding public debt for all levels of government, including government corporations as of November 30, 1955, amounted to P1,307.81 million, or an increase of P215.60 million over the amount outstanding at the close of the previous year. Borrowings for current expenditures contracted by P40.34 million, while those incurred for capital expenditures rose by P255.95 million. The increment to the gross public debt is accounted for by increases in the indebtedness of the National Government and government corporations of P152.88 million and P68.72 million, respectively, while that of local governments contracted by P6.00 million.

The continued high level of government expenditures for economic development and social services, in the absence of a substantial increase in revenue for the ensuing year, will raise the current public debt position to new heights. The accelerated volume of government spending in public works, as well as in other economic development projects as embodied in the various measures enacted by Congress since 1953, has caused the sharp rise of the public debt.

The growth in the gross public debt for the first eleven months of the year may be mainly attributed to the additional sales of P119.27 million of PW & ED Bonds, P30.65 million of NPC bonds, P5.00 million of NWSA, P8.75 million of RFC bonds, and P29.00 million of ACCFA bonds, or an aggregate of P192.67 million.

In consonance with the Government's policy of settling its obligations promptly, the Government during the first eleven months of the year paid out the amount of P36.60 million for the following obligations: installment on the loan from the U.S. Rehabilitation Finance Corporation (P12.00 million), 10 per cent redemption of backpay obligation to pre-war government employees (P23.74 million), installments on the loan from the U.S. General Service Administration and the Export-Import Bank (P0.86 million).

MONEY SUPPLY

A. Movement

During the period under review, the movement of money supply exhibited two distinct phases compared to that of the same period a year ago—a declining trend but at lower levels during the first semester and thereafter an upward trend on a level much higher than that of the latter part

of 1954. Thus, the movement during the eleven-month period resulted in a net expansion of P54.8 million or 4.5 per cent. From the December 1954 level of P1,226.6 million, money supply dropped by P16.7 million in January resulting mainly from the return flow of currency to the Central Bank and the growth in National Government balances. After rising by P13.0 million in February due mostly to expanded credit activities of the banking system, money supply declined again by P6.8 million at the end of March. This was largely brought about by the continuous deficit in international receipts and payments and the further improvement in National Government balances and in savings and time deposits. In the ensuing two months, the volume of money fluctuated mildly due principally to seasonal factors and hit the year's low when it settled at P1,208.6 million in May. After a slight increment in June, money supply recorded a faster rate of growth over the identical period of 1954, except for a minor dip in September, until it reached a peak of P1,281.4 million at the close of November. This expansion was attributable wholly to the remarkable increase in the domestic credits of the banking system which more than offset the contractionary effects exerted by the decline in international reserve, the improvement in National Government balances, the substantial growth in savings and time deposits and the increased capital accounts and other liabilities of the banking system. Compared to the November 1954 level, money supply was up by P65.5 million or 5.4 per cent.

B. Composition

Total money supply at the end of November, 1955 consisted of P647.9 million or 50.6 per cent in currency in circulation and P633.5 million in demand deposits. The composition last December, 1954 was P676.6 million or 55.2 per cent in currency in circulation and P550.0 million in deposit money. Thus, during the eleven-month period, currency in circulation recorded a contraction of P28.7 million while deposits showed an expansion of P83.5 million, resulting in a net increase of P54.8 million in money supply.

The major factors responsible for the decline in notes and coins in circulation were the substantial excess of Central Bank sales of foreign exchange over its purchases and the moderate growth registered in the deposits of the National Government, notably the War Damage and other Trust Funds and the PHILCUSA-ICA Counterpart Fund. Similarly, the increment of cash in the Securities Stabilization Fund, other banks' and Treasury vaults reduced currency in circulation. Partly offsetting these deflationary transactions was the appreciable increase in the Central Bank holdings of government securities.

Except for minor declines in March and May, peso demand deposits experienced an upward movement during the period under study. From P550.0 million at the start of the year, total deposits climbed to a high of P633.5 million at the end of November. While the checking accounts of local governments showed a slight decrease of P2.6 million, a combined growth of P86.1 million was registered in the following accounts: semi-government entities, P29.1 million; unused overdraft balances, P24.1 million; business individuals, P19.0 million; U.S. Government, P11.9 million; and outstanding cashiers' and managers' checks, P2.0 million. The increment in current accounts of semi-government entities may be attributed to the accumulation of development funds, while the increase in business individuals was due principally to their heavy receipts concomitant to the pre-Yuletide purchases of the public.

C. Factors Responsible for Money Supply Movement

During the eleven-month period of 1955, the public sector played a dominant role in influencing the expansion

of money supply. Likewise, the private sector was inflationary, although to a lesser degree. On the other hand, the impact of the external sector on money supply continued to be recessionary.

The credit operations for the account of the public sector expanded money supply by P216.7 million, primarily due to the increased purchases of government securities by the banking system. This was partly counteracted by the significant increase noted in the National Government balances, together with the rise in local government's time and savings deposits as well as the capital accounts of the Philippine National Bank and the Central Bank. On the whole, the public sector effected a net increase of P106.4 million in the volume of money.

Lendings to the private sector influenced money supply upward by P113.8 million. This expansion was almost counterbalanced by the negative effect of the continued growth in savings and time deposits, abetted by the upturns recorded in the capital accounts and other liabilities of private banks.

The downturn in the international reserve caused a net contraction of P71.3 million in the supply of money. Thus, the external sector, mainly due to recurring deficits in the international receipts and payments position, contributed in offsetting, to a great extent, the expansionary influences originating from the internal sector.

BANKING AND CREDIT

A. Central Bank Operations

The credit operations of the Central Bank during the period were actively oriented towards the maintenance of a healthy atmosphere conducive to economic growth. In line with this objective, the Central Bank gave heavy support to the development program of the Government by purchasing P242.7 million of its bond issues. It also extended substantial assistance to other banks by granting loans and advances in the amount of P122.5 million.

As of November, 1955, total domestic credits outstanding of the Central Bank surpassed all previous peaks when they aggregated P393.4 million, a rise of P110.9 million or 39.2 per cent over the 1954 year-end level. This was mainly reflected in the increase of P111.0 million in the holdings of government securities, offset by a nominal drop of P0.1 million in other credits.

During the period under study, a budgetary loan of P60.0 million was extended to the National Government and P0.5 million to Baguio City, Quezon City, and the provincial government of Leyte. In contrast, only P0.3 million was granted by the Central Bank during 1954. The budgetary loans to National and local governments were fully liquidated as of November, 1955, the former having been repaid out of the proceeds of the sale of 2 per cent 5-year Treasury notes. The government note on Treasury Certificate Account, on the other hand, recorded a slight dip of P0.1 million. Advances to banks from January to November aggregated P122.5 million, an expansion of P36.7 million or 42.8 per cent over the comparable months of the preceding year. Repayments received amounted to P153.3 million, registering an outstanding balance of P31.7 million at the end of November.

B. Other Banks

1. Credit Operation

During the period under review, other banks continued to accelerate their credit activities to meet the financial requirements of a developing economy. As a result, total outstanding domestic credits of other banks rose to a new

high of P1,278.3 million at the end of November, 1955, an expansion of P219.6 million or 20.7 per cent over the prevailing total at the end of last year. The breakdown of their credit portfolio is as follows: outstanding loans, discounts and overdrafts (including unused balances) P857.7 million (67.1 per cent); domestic securities, P225.9 million (17.7 per cent); and customers' liability acceptances, P194.7 million (15.2 per cent). In contrast to the 1954 year-end pattern, these showed a growth of P52.0 million, P123.2 million, and P44.4 million, respectively. Of the total outstanding credits, the public sector accounted for P229.2 million (17.9 per cent), an expansion of P105.8 million or 93.0 per cent. Similarly, those absorbed by the private sector increased from P935.3 million at the start of the year to P1,049.1 million in November, an increment of P113.8 million or 12.2 per cent.

Total loans, discounts and overdrafts granted and renewed during January-November, 1955 by other banks aggregated P685.3 million or P67.6 million well above the total of the same months of 1954.

It is noteworthy that industrial loans obtained the lion's share in the total increment. This reflected a growing tendency on the part of other banks to channel a substantial portion of their loanable funds into socially desirable and productive industries. Commercial loans increased by P20.6 million, while agricultural loans went down by P12.5 million which could be attributed to the expanding credit operations of the ACCFA and the rural banks.

2. Cash Position and Reserves

At the end of November, the cash position of other banks settled at P142.1 million, short by P9.4 million or 6.2 per cent compared to the December 1954 balance. This decrement was traceable to the drop of P12.7 million in the legal deposits with the Central Bank, which was neutralized in part by the rise of P3.3 million in their cash holdings. However, compared to the November 1954 level, cash position of other banks was higher by P10.0 million.

In November, bank reserves stood at higher levels compared to the prevailing totals of the corresponding month of 1954. Available reserves amounted to P160.4 million, a rise of P16.4 million over the balance of November last year. Similarly, required reserves tended to move upward, due mainly to the significant improvement in savings and time deposits and in peso demand deposits, and recorded a rise of P16.5 million at the end of November. Thus, excess reserves of other banks showed a drop of P0.1 million. Potential reserves of other banks were maintained at comfortable levels on account of the considerable investments in government securities, together with the mild improvement registered in their total cash holdings.

C. Selected Financial Institutions

Loans granted by selected financial institutions recorded a substantial expansion of nearly P50.0 million during the first eleven months of the current year. This impressive progress was due primarily to the expanded credit activities of the Government Service Insurance System (GSIS) and the Agricultural Credit and Cooperative Financing Administration (ACCFA). Of the total loans granted amounting to P177.2 million, the GSIS extended P47.2 million or 152.1 per cent more than that of the corresponding period last year. The ACCFA loaned the sum of P37.5 million which likewise showed a marked increase of P23.9 million or 175.7 per cent.

Rural banks, whose combined capital rose from P4.2 million at the beginning of the year to P5.3 million at the end of the period under review, extended loans amounting to P6.1 million which represented an increase of P1.9 million

or 44.5 per cent over the previous year's figure. The various pawnshops operating in Manila also expanded their credit operations by granting loans, totalling P19.0 million, a rise of P2.1 million or 12.2 per cent. On the other hand, the Rehabilitation Finance Corporation (RFC) registered relatively weaker activity. Approved loans aggregating P67.5 million reflected a decline of P6.3 million, or 8.6 per cent below that of the corresponding period of the preceding year.

An intensive implementation of the Government's program of agricultural development was observed in the lending operations of these institutions. Of the aggregate loans, P63.6 million or 35.8 per cent were for agricultural purposes, a sizable increase of P30.2 million or 90.3 per cent above that of the comparable period last year. About 59.0 per cent or P37.5 million were granted by the ACCFA whose credit operations, however, slackened owing to seasonal factors towards the end of the period under review. This amount was distributed as follows: crop loans, P14.7 million; farm improvement, P6.3 million; commodity loans which included sack loans, P7.5 million; facility loans, P6.5 million; and merchandising loans which included those that were granted for tobacco production, P2.5 million. Similarly, rural banks' agricultural loans went up by 50.5 per cent or P1.4 million. The expansion in banking facilities brought about by the establishment of ten new rural banks during the year partly contributed to this upward movement.

Of the total agricultural loans, the RFC approved 34.4 per cent or P21.9 million, a large portion of which was obtained by farmers engaged in the production of palay.

Industrial loans, on the other hand, registered a decrease amounting to P1.5 million or 8.0 per cent below the total of P19.1 million granted during January to November, last year. This declining trend had been noted since the start of 1954. As in the previous year, the current decline was wholly accounted for by the RFC which approved P17.4 million or 99.0 per cent of the total. Rural banks, however, sustained the upward movement they attained last year: their total loans for industrial purposes amounted to P182 thousand, a rise of 70.1 per cent.

The biggest dip recorded during this eleven-month period occurred in real estate loans of which the entire P30.3 million representing 17.1 per cent of the aggregate were extended by the RFC and the GSIS. The amount revealed a net contraction of P4.1 million or 11.8 per cent, as compared to the corresponding months last year. The RFC approved more than P21.7 million, or 71.6 per cent, reflecting a decrement of P11.4 million. This decline, however, was partially offset by the gain of P7.3 million registered by the GSIS which extended the total amount of P8.6 million.

Consumption loans granted by the GSIS and the Manila pawnshops, on the other hand, amounted to P57.6 million, showing an expansion of P23.3 million or 67.7 per cent compared with that of 1954. The GSIS loaned 67.0 per cent of this amount, while the pawnshops accounted for the remainder. Both institutions registered appreciable increases in their operations, the former gaining by 121.2 per cent and the latter by 12.2 per cent.

Similarly, loans granted by the RFC to finance self-liquidating projects of municipal, provincial, and city governments recorded an increment of 38.0 per cent or P1.8 million above those of last year.

From P512.9 million on December 31, 1954, the aggregate loans outstanding of these institutions rose to a new level, reaching P576.6 million at the end of November, 1955. About 78.9 per cent of these loans were extended by the RFC whose policy is to support dollar producing and dollar saving enterprises.

(To be Continued)

ECONOMIC SURVEY OF CHINA

(Compiled by United Nations ECAFE Secretariat)

PART I

In mainland China, production in 1954 continued to increase in industry, though at a much slower rate than in 1953 (the gross value of industrial production which includes some double counting increased by 17 per cent in 1954 as compared with 31 per cent in 1953), but it barely exceeded the 1953 level for foodgrains and registered a further fall of 11 per cent for raw cotton. The increase in industrial production was achieved by a fuller utilization of the existing capacity, installation of new capacity and improvement in labour productivity. In 1955, industrial production was scheduled to increase by 7.7 per cent, but this goal had to be reduced to 5.2 per cent because agricultural raw materials (e.g. raw cotton) were short and a number of capital construction projects did not go into operation on schedule. Agricultural production was estimated to have risen by 7 per cent.

The year 1955 was also marked by the adoption and publication of The First Five-Year (1953-57) Plan for the Development of National Economy, in which the targets originally set were lowered for many items. A total sum of Yuan 76,640 million or approximately \$32,500 million (at the official exchange rate of Yuan 2.355 = \$1) is to be spent by the government on economic and social development within the Plan period, giving an average per capita outlay of over \$10 per year. During the first two years of the Plan, 1953 and 1954, less than one third of this total sum was spent, thus implying a higher rate of capital formation in the remaining years.

The emphasis of the Plan is on the development of industry (especially heavy industry) and transport, rather than on agriculture. While the Plan aims at raising agricultural and industrial production combined by 51 per cent in five years, the increase is 98 per cent for industry as compared to 23 per cent for agriculture. It is planned that by the end of the period the production of major industrial items is to rise to the following magnitudes: coal 113 million tons, crude petroleum 2 million tons, electricity 15,900 million kWh, steel 4.12 million tons, cement 6 million tons, cotton textiles 164 million bolts.

Such a plan, if fully implemented, would represent a notable advance in economic development, especially in heavy industries, on the mainland; it would involve, however, continued restrictions on consumption and would necessarily prelude any appreciable increase in the living standards over the present level. Rationing of foodgrains, edible oils, sugar and cotton cloth has been introduced in urban and rural areas, with the rations for edible oils, sugar and cotton cloth generally lower in rural than in urban areas. In the spring of 1955 the evidence appears to indicate that there have been food shortages generally in rural areas, which became critical in some cases. Administrative control is, of

course, more far-reaching than in any other Asian economic system. Most of the capital formation contemplated will have to come from domestic savings, which at the same time carry heavy defence expenditure. Although the share of defence expenditure in total government outlay fell from 41.5 per cent in 1950 to 24.2 per cent in 1955, in absolute terms defence expenditure during this period increased by 154 per cent.

A major factor which will affect development is the high rate of population growth in an already settled country. Its importance is emphasized by the fact that a high degree of industrialization will take a long time to achieve.

THE BASIC ECONOMIC PROBLEM

Mainland China, with an area of 9.7 million square kilometres, has a cultivated land area of only 1.08 million square kilometres (108 million hectares), or 11 per cent of the total area. Yet this limited area of arable land has to provide the principal means of livelihood for the largest population of any area in the world. The traditional estimate of 450-500 million was revised upward six times during 1950-52 by the Central People's Government from 483 million to 575 million. The new census, undertaken on 30 June 1953, gives an all-time high of 583 million on the mainland, which would give a population density of 540 persons per square kilometre of cultivated land in mainland China. The latter, like that for Taiwan (1,086 persons per square kilometre of cultivated land), is the highest in East Asia except Japan and South Korea.

The pressure of population on land is made more serious by the high rate of population growth. A recent sample survey of population of 30 million gave a crude death-rate of 17 per thousand, a crude birth-rate of 37 per thousand, and a rate of natural increase of 20 per thousand. There are, however, signs that the seriousness of the population problem is being recognized. In the view of Shao Litzu, "it is a good thing to have a large population, but in an environment beset with difficulties, it appears that there should be a limit set"; accordingly, "medical theories on contraception must be propagated, and contraceptives and practical guide on contraception should be supplied and given.

The pressure of population on land necessarily varies widely in a big area like China; it is highest in the fertile plains on the Yangtze and Yellow Rivers, along the railway lines and on the coast. The North-West is still thinly populated, and to a lesser extent also the North-East, opened up under Japanese influence only since the beginning of the century. Internal migration to these sparsely populated parts may afford relief to population pressure in the older, more settled parts; but the process is slow and costly. Under the First Five-Year Plan, it is proposed to survey 6.7 million hectares of wasteland of which 2.52 million hectares are to be reclaimed, thus bringing the total cultivated area to 110.6 million hectares by 1957. The reclamation is to be undertaken largely by State farms or through organized resettlement by peasants, and only to a limited extent by small-scale local projects.

In regard to information given on mainland China, attention is called to the following: (1) Preparation of the present review as it relates to mainland China is based mainly on official news releases and other publications in which official statistics and estimates are given. (2) In the judgment of the secretariat, the data referred to are subject to qualification. Repetitious use of qualifying language will be avoided for editorial reasons, but, of necessity, a statement herein that, e.g., production of a certain item increased by a certain percentage or amount is equivalent to a statement that is the officially released figure as available to the ECAFE secretariat.

Some redistribution of population has occurred through urbanization. The 1953 census showed an urban population of 77.3 million or 13.3 per cent of the total population on the mainland, with a rural population of 505.3 million or 86.7 per cent; it also revealed a 40 per cent rise in the urban population (not including the floating and temporarily resident population) in 1953 over that in 1950. In the industrial and mining cities of Anshan, Fushun, Penki, Haokang, Tangshan and Taiyuan, the population has doubled, or even trebled over that of 1950. As China is entering upon a stage of industrialization, a rapid increase in urban population is to be expected. Under the First Five-Year Plan, employment in the fields affected by the Plan is expected to rise from the 1952 level by only 4.22 million, to 25.24 million by 1957. Nearly two-thirds of this total (or 15,484,000) are expected to be employees of State, co-operative and joint State-private enterprises, of government agencies and of popular organizations, with employees in industrial enterprises rising to 5,135,000, roughly 80 per cent more than in 1952. Yet the exodus of rural population to towns and cities had so grown in 1954 that the Ministries of Interior and of Labour had to issue in March a joint directive to prevent the "blind influx of peasants into cities." In mid-1955 the government, on account of the food situation, found it necessary to send back the surplus population from cities to villages.

THE FIRST FIVE-YEAR PLAN

The First Five-Year Plan was submitted on 5-6 July 1955 to the First National People's Congress and approved by it on 30 July. This delay in the preparation of the Plan is attributed to the lack of research into natural resources, paucity of statistical data, inexperience in long-range planning and development, and co-existence of many forms of economy.

The First Five-Year Plan calls for a total State outlay of Yuan 75,640 million, which is equivalent to \$32,500 million if converted at the official exchange rate of Yuan 2.355 to the dollar. The emphasis is on capital construction, which will take up Yuan 42,740 million or 55.8 per cent of the total State outlay, for the 1,600 above-norm projects. Of the latter, 1,271 projects (455 in industry and 816 in other fields), or four fifths, are expected to be completed within the first five-year period.

The remaining sum of Yuan 33,900 million, or 44.2 per cent, is partly allocated to resources prospecting, engineering surveying and designing, stockpiling of equipment and supplies, etc.; partly to the development of industrial production, transport, post and tele-communications, including such items as overhaul of equipment, technical and organizational improvements in production, trial manufacture of new products, and purchase of miscellaneous fixed assets; partly to the circulating capital for various economic departments; and partly to the operational and training expenses of economic, cultural and educational departments. This sum will finance over 6,000 below-norm projects to be compiled mainly within the first five-year period, of which 2,300 are in the field of industry.

During the two years 1953 and 1954, 32 per cent of the total State outlay of Yuan 76,640 million was reported to have been made, only a little short of the target.

Total State development outlay for the five-year period is concentrated on industry, which claims as much as Yuan 31,320 million or 40.9 per cent. Of this amount Yuan 24,850 million or over 79 per cent is for above-norm projects, and the rest for smaller projects. Of the total outlay on above-norm projects for industry, 88.8 per cent is for industries producing "means of production" and 11.2 per

cent for industries producing consumer goods. Priority is given to the development of industries producing "means of production," as against those producing consumer goods, by the very nature of the industrialization programme under the First Five-Year Plan. It is reported that the existence of unused capacity in consumer goods industries will enable production to increase. Such unused capacity in the light industries however could be fully utilized only if supplies of industrial raw materials, such as cotton, jute, hemp, tobacco, sugar cane, peanut, sesame and other vegetable oil-seeds, etc., become more adequate.

Within the producer goods or heavy industry, the bulk of the outlay will be channelled into coal and power, iron and steel and engineering. The weakness of the oil, chemical and non-ferrous metal industries is likely to persist for some time to come.

Next to industry, transport, especially railways, has been given the highest priority, in view of the emphasis on geographical redistribution of industries and defence needs.

Agriculture, forestry and water conservancy occupy third place. No extensive mechanization of agriculture can yet be realized and larger conservancy and forestry projects cannot yet be widely developed. Other measures, such as introduction and extension of high-yielding crops (such as rice, maize and potatoes), use of better seeds and implements, control over plant diseases and insect pests, etc., do not require large capital. On the other hand, the large scale use of chemical fertilizers to increase output is precluded by the priority given to heavy industries. The total investment in agriculture is stated to be Yuan 6,100 million, including Yuan 3,260 million for above-norm projects.

Production targets

The Plan provides targets for major items of agricultural and industrial production, in addition to an estimate of the over-all increase by 51.1 per cent in the gross value of agricultural and industrial production during the five-year period; it does not, however, estimate the growth of national income.

The rate of growth for agricultural production, 23.3 per cent, is much lower, as noted, than that for industrial production, 98.3 per cent, and it also is much lower than that for handicraft production, 60.9 per cent. This disparity in rates of growth arises not only from the degree of intensity of land utilization already reached, and the tendency of agricultural production towards diminishing returns, but also from much higher priority being placed on industrial development by the State.

In agricultural production, two major items are food-grain crops and raw cotton, whose production during the five-year period is planned to rise respectively by 17.6 per cent and 25.4 per cent. The sown areas are planned to rise by 3 per cent for foodgrains and 14 per cent for raw cotton, while the yield per hectare is planned to rise by 14 per cent for foodgrains and 10 per cent for raw cotton.

In industrial production, the planned rate of increase for means of production, 126.5 per cent, is much greater than that for consumer goods, 79.7 per cent. The proposed expansion in production during the five-year period is 78 per cent for coal, 119 per cent for electricity, 110 per cent for cement, 146 per cent for pig iron, and 206 per cent for steel; but only 38 per cent for cotton yarn, 47 per cent for cotton cloth and 114 per cent for edible vegetable oils. The high rate of expansion in sugar production, 176 per cent, is partly accounted for by the very small base in 1952, when production at 249,000 tons provided for an annual consumption from domestic production of only one pound per capita.

INDUSTRIAL AND AGRICULTURAL PRODUCTION IN 1952 COMPARED WITH 1957 TARGET

	Unit	Production		1957 index (1952 = 100)
		1952	1957	
Industrial and agricultural production	Million yuan	82,710	124,990	151.1
Industrial production	" "	27,010	53,560	198.3
Producer goods	" "	10,736	24,316	226.6
Consumer goods	" "	16,274	29,244	179.7
Handicraft production	" "	7,310	11,770	160.9
Agricultural production	" "	48,390	59,660	123.3
Industrial production				
Producer goods				
Fuel and power				
Coal	Million tons	63.6	113	178
Coke	" "	2.86	6.685	233
Petroleum, crude	" "	1,486	2,012	482
Power	" kWh	7,260	15,900	219
Iron and steel	" tons	1.9	4.674	246
Pig iron	" "	1.35	4.120	306
Rolled steel	" "	1.11	3.045	275
Engineering				
Steam boilers	'000 tons/hours	1,222	2,734	224
Steam turbines	" kW	—	84.5	—
Hydraulic turbines	" "	6.7	79.5	1,193
Internal-combustion engines	" hp	27.6	260.2	942
Generators	" kW	29.7	227	765
Electric motors	" "	63.9	1,048	164
Transformers	" kVA	1,167	2,610	224
Metal cutting machine tools	" tons	16.3	29.3	180
Double-bladed wheel ploughs	" units	5	689	13,611
Sewing machines	" "	344	35.35	10,276
Locomotives	Units	20	200	1,000
Rolling stock	" "	—	—	—
Passenger cars	" "	6	300	5,000
Freight cars	" "	5,792	8,500	147
Steam vessels	'000 tons	21.5	179.1	834
Trucks	Units	—	4,000	—
Building materials				
Timber	Million cu. m.	10.2	20	200
Cement	" tons	2.86	6	210
Chemical				
Caustic soda	'000 tons	79	154	194
Pure soda	" "	192	476	248
Ammonium sulphate	" "	181	604	278
Ammonium nitrate	" "	7.5	44	588
Consumer goods				
Cotton textiles				
Yarn	'000 bales	3,618	5,000	138
Cloth	" bolts	111,634	163,721	147
Food				
Edible vegetable oils	" tons	724	1,552	214
Sugar, machine-processed	" "	249	636	276
Salt	" "	3,460	5,932	171
Flour	" "	2,990	4,670	166
Other				
Cigarettes	" cases	2,650	4,700	177
Matches	" "	9,110	12,700	139
Paper, machine-made	" tons	372	655	176
Rubber foot-wear	Million pairs	61.7	108.3	176
Agricultural production				
Foodgrain crops	Million tons			
Paddy	" "	163.92	192.81	117.6
Wheat	" "	68.43	81.77	119.5
Soya bean	" "	18.13	23.73	130.9
Coarse grains	" "	9.52	11.22	117.9
Potatoes	" "	51.52	54.80	106.4
Other crops				
Cotton, raw	" "	16.33	21.30	130.5
Jute and ambary hemp	" "	1.31	1.64	125.4
Tobacco, flue-cured	" "	.31	.37	119.7
Sugar cane	" "	.22	.39	176.6
Sugar beet	" "	7.12	13.18	185.1
		.48	2.14	446.4

In order to achieve the 98.3 per cent increase in industrial production under the First Five-Year Plan, it is proposed to raise labour productivity by 64 per cent.

Problems of implementation

During the first two years of the Plan, the government was preoccupied more with the effective utilization of the existing capacity for the production of consumer goods than with the installation of new capacity for the production of capital goods. In 1955 increasing attention has been paid to the difficulties encountered in the implementation of the Plan, in the examination of which the government at times appears quite outspoken and searching in self-criticism. Ac-

cording to the chairman of the State Planning Commission, failure to apply simply standards in capital construction has "resulted in waste of funds, manpower and material resources." Many enterprises are reported to have spent far too much money on non-productive projects, e.g. auxiliary buildings, factory offices, living quarters, canteens, etc., which should have been put up economically. There have been some new factories and mines which, even before they went into production, were completely equipped with all such amenities as auditoriums and clubs and, in addition, the standards of these buildings are far too high. The standard of municipal construction in many new industrial areas is also said to be too high: too much attention has been paid to premature modernization and civic "beautification." To

correct these mistakes, instructions have been issued by the Central Committee of the Communist Party of China and the National Conference of the Party to the effect that while for many above-norm factories and mines, especially those with a high priority, the most up-to-date technique must be used, standards for non-productive projects should be greatly lowered.

Another problem is that of ensuring the required engineering quality, in view of the lack of training and experience of the present engineering and other technical staff. Mainland China, however, obtains technical processes from the Soviet Union through the employment of USSR experts, and Chinese students are being trained locally by USSR experts and also sent to the Soviet Union for field training in different industrial enterprises. Many have thus been sent, although no figures are available.

Rational utilization of the present limited scientific and technical personnel is being promoted, so as to avoid its concentration on the high-level departments and administrative bodies. At the second session of the First National People's Congress in July 1955, the chairman of the State Planning Commission told the deputation: "We cannot allow a situation to continue in which many people with specialized skills have been placed in unsuitable positions for prolonged periods, thus preventing them from making their full contribution to the country."

An extensive programme of education and training is being implemented under the First Five-Year Plan: (1) by 1957, 283,000 students are to graduate from institutions of higher learning in different fields (engineering 33.6 per cent, agriculture and forestry 6.6 per cent, economics and finance 9 per cent, public health 9.4 per cent, science 4.9 per cent, arts 7.6 per cent, normal education 24.9 per cent, others 4 per cent), and 888,300 students from secondary schools to serve as technical and managerial cadres; (2) 920,000 skilled workers will be trained by the central Ministries of Industries, Geology, Public Works, Agriculture, Forestry, Railways, Transport, Post and Tele-Communications, and Labour (119,000 in the workers' technical schools, 362,000 in the enterprises, and 439,000 as apprentices).

Related to the problem of ensuring engineering quality in capital construction is the need to raise the level of industrial management, on which the chairman of the State Planning Commission exhorted all industrial enterprises to make continuous improvement, and to raise the productivity of workers and staff members.

A third problem is the need for inter-industry co-ordination at large, and for inter-plant co-ordination within the same industry. In an editorial on the engineering industry, the People's Daily points out: "While there was not enough job for all, blind expansion of factories went on; while equipment remained idle, unnecessary equipment was added; while productivity of labour was low, workers were increased; while some products were overstocked, processing jobs were given and orders were placed for more products." The First Five-Year Plan thus stressed the following: "The scattered and unco-ordinated character of the old industrial equipment left to us makes it especially necessary for us to work together on an even broader scale, so that each enterprise can specialize, but at the same time co-ordinate its activities closely with production in other enterprises. We must give up thinking and asking on the assumption that an enterprise or industrial department can produce in isolation, without regard to others."

Failure to apply simpler standards in capital construction to non-productive enterprises, the low level of competence of engineering, technical and management personnel, and the lack of inter-industry and inter-plant co-ordination, have combined to give rise to "serious waste

(which) still exists in certain spheres, departments, areas and enterprises," for the prevention or reduction of which the movement for the "rigid practice of over-all economy" has recently been pushed ahead vigorously throughout mainland China. The State Council has stipulated that within the next three years, the cost of construction and machine installation for productive enterprises should be reduced by at least 10 per cent below the original plan, and for non-productive projects by at least 15 per cent. It is estimated that an annual saving of at least Yuan 2,000 million for the State could thus be brought about.

THE AGRICULTURAL SITUATION

While a large part of State investment is allocated to industrial development, improvement in agricultural production is essential for several reasons: to provide a major portion of the nation's export products to pay for the import of capital goods, and to meet the increasing requirements of raw materials for the development of industry and the expanding food needs of the growing population in cities.

Agricultural production, however, cannot be raised as rapidly as industrial production. Actually, the succession of adverse weather, floods and drought during the first two years of the plan (1953-54) has prevented foodgrain production from expanding according to plan, and has reduced raw cotton production by as much as 18 per cent. In 1955, however, agricultural production is expected to be the best of the past three years.

The Five-Year Plan proposes a series of measures to raise agricultural production; these include the transformation of the small peasant economy into a co-operative system of production, construction of water-conservancy projects, reclamation of wasteland, modernization of agricultural techniques, extension of high-yielding crops (rice, maize and potatoes), etc. Of these, only a small beginning has been made in the reclamation of land, but there has been progress in the extension of co-operative organization and construction of water-conservancy projects and work is also being undertaken to modernize the technique of agricultural production. Shortages of chemical fertilizer, however, will tend to limit production increase and the rapid formation of agricultural producers' co-operatives may, at least in the short run, disrupt the existing organization of agricultural production.

Agricultural production

Data released on agricultural production are frequently revised, usually downward.

The First Five-Year Plan aims at the following increases of output for different crops: foodgrains 17.6 per cent, raw cotton 25.4 per cent, jute and ambary hemp 19.7 per cent, tobacco 76.6 per cent and sugar cane 85.1 per cent. The proposed expansion of sown acreage is 3.6 million hectares for foodgrain crops and 6.2 million hectares for industrial and other crops, thus raising the total sown acreage to 127.6 million hectares for foodgrain crops and 23.9 million hectares for industrial and other crops. In addition the yield per hectare is expected to rise by 14 per cent for foodgrain crops, 10 per cent for raw cotton, 18 per cent for tobacco, 25 per cent for sugar cane, etc.

In 1954 an increase in production was reported for all crops except raw cotton and rapeseed; foodgrain crops, which alone took up over nine-tenths of the country's sown area, rose in output by over 2 per cent, as compared with 1953. The increases for other crops in 1954 over 1953 were 19 per cent for sugar cane, 96 per cent for sugar beet, 6 per cent for jute, 9 per cent for tobacco, and 30 per cent for peanuts.

The increased production of agricultural raw materials such as raw cotton, jute, hemp oil seeds, tobacco and sugar cane, etc. lags for the time being behind the demands of growing industrial production; their scarcity accounts for the failure to make full use of the existing capacity in consumer goods industries. The Five-Year Plan therefore proposes to economize in the use of raw materials, e.g., raw cotton and oil seeds, and overcome waste.

Foodgrain crops

The harvest achieved a record in 1952, at 164 million tons or 9 per cent above the 1936 peak, but is reported to have risen further by over 2 per cent in 1954 and by 7 per cent in 1955. The paddy production in 1955 is estimated to have risen to 78.5 million tons, or 7.6 million tons above 1954.

The government's decision to introduce control over purchase and supply of foodgrains in November 1953 was necessitated by the unbalance between the demand and supply of foodgrains, which became more acute when the great 1954 floods on the Yangtze and Hwai rivers made it necessary to provide for the large flood-stricken population. In the spring plowing season of 1955 when the government introduced the new policy of "fixed production, fixed purchase and fixed sale of foodgrains"—the so-called "three fixed" policy, State grain sales to the rural population were found to have been far in excess of the originally fixed quota, owing to excessive State purchase of grain in a part of the country which reaped a good harvest, the failure to supply grain promptly to certain areas of Kwangtung, Kwangsi and south Hunan stricken by frost or drought, inadequate supply in

certain areas during the period of reorganizing the system of State distribution under the new "three fixed" policy, and lack of experience in foodgrain administration.

Following the State Council directive and consequent reorganization of the system of State grain supply, State grain sales in May, the usual seasonal peak month for sales, were reported to have dropped by 12.5 per cent to 4.2 million tons, as compared with 4.8 million tons in April through the efforts of hundreds of thousands of cadres from the government and the party. Attention was turned thenceforth to the implementation of the drive for economy in food consumption in the cities which started in March. The per capita quota of foodgrain supplies provided by the State for the cities was generally higher than that for the rural areas; yet since September 1954 the sales of foodgrains in the cities had continuously exceeded the quotas set by the State. Part of the excess quantities of foodgrains sold was due to the increase in population and to national development needs, but a considerable part to the absence of a "scientific and rigid supply system," laxity in the enforcement of different rationing measures, and failure to appreciate the significance of economy in food consumption. On 5 August 1955 two foodgrain control measures were adopted by the State Council, namely (1) Provisional Measures for Foodgrain Rationing in Cities and Market Towns, and (2) Provisional Measures for Unified Purchase and Unified Supply of Foodgrains in Rural Districts. Both measures lay down definite rules for the implementation of the "three fixed" policy for foodgrains announced in the spring.

(To be Continued)

HONGKONG STATISTICAL REPORTS

For December 1955

Vital Statistics:

	December	Total (Jan.-Dec.)
Birth	8,903	90,511
Death	1,428	19,080

Retail Price Indices:

	December 1955	December 1954
Food (including drink)	120	119
Rent	119	119
Clothing (including footwear)	91	90
Fuel	92	104
Electric Light	60	60
Cleaning	90	89
Education	140	138
Tobacco and Cigarettes	113	113
Doctors and Medicines	105	106
Fares	100	100
Household Equipment	110	111
Hair Dressing	122	122
Newspapers and Stationery	153	153
Shoe Repairs	78	81
Rates	100	100
General Retail Price Index	115	115

Hongkong Clearing House Figures:

September	\$1,204,527,528
October	1,200,425,996
November	1,260,188,799
December	1,348,013,094

Banknotes in Circulation:

	December
The Hongkong & Shanghai Banking Corporation	\$675,742,000
The Chartered Bank of India, Australia & China	46,963,987
The Mercantile Bank of India, Ltd.	4,096,200
Total	\$726,892,187

Production of Electricity and Gas:

	December	Total (Jan.-Dec.)
Electricity (kw hrs)	49,446,453	567,850,505
Gas (cubic feet)	52,984,600	573,836,500

Food Supply:

	December	Total (Jan.-Dec.)
Animals Slaughtered (heads) ..	75,491	815,611
Fish Marketed (tons)	3,818	40,334
Vegetables Marketed (tons)	8,422	68,801

Registration of Factories:

	December	Total (Jan.-Dec.)
Applications Received	51	584
Cancelled and (Refused)	20 (2)	205 (63)
Certificates Issued	36	372

Hongkong Building Construction in December:

	Number	Cost in HK\$	
		Building	Site Work
City of Victoria—			
Factories and Godowns	1	250,000	—
Houses and Flats	47	3,982,120	407,744
Other (including mixed accommodation)	1	11,903	—

	Number	Cost in HK\$	
		Building	Site Work
Island outside Victoria—			
Houses and Flats	7	778,218	83,464
Other (including mixed accommodation) ..	3	78,500	3,000
Kowloon and New Kowloon—			
Factories and Godowns	11	735,053	7,600
Houses and Flats	125	8,381,489	222,158
Other (including mixed accommodation) ..	7	871,577	—
Total (December 1955)	202	15,088,860	723,966

Production of Cement:

	December	Total (Jan.-Dec.)
Cement (metric tons)	10,031	116,527

Production of Minerals

	Oct.	Nov.	Dec.	Total (Jan.-Dec.)
Clay (tons)	540	602	772	5,432
Iron Ore (tons)	11,000	9,000	9,000	115,500
Wolfram Ore (lbs) ..	1,036	13	1,228	51,550
Molybdenum (lbs) ..	5	—	—	52
Lead Ore (tons)	16	21	19	385
Graphite (tons)	134	150	193	1,537
Quartz and Feldspar (tons)	274	223	195	692
Beryl (lbs)	—	—	2,240	2,240

Kowloon-Canton Railway
(British Section):

	December	Total (Jan.-Dec.)
Passengers:		
Upward	163,164	1,802,623
Downward	166,684	1,730,845
Concession Tickets	17,985	237,184
Freight:		
Upward	1,039,790 kgs	15,862,050 kgs
Downward	14,127,770 kgs	146,456,910 kgs

Vehicular Traffic:

Total number of vehicles and drivers licensed:		
	In December	(Total Dec. 31)
Vehicles:		
Trams	—	126
Motor Cycles	39	1,427
Private Cars	250	16,802
Taxis	3	344
Public Hire Cars	3	283
Motor Buses	—	563
Public Commercial Lorries ..	33	1,394
Private Commercial Lorries ..	39	1,704
Government Cars & Lorries ..	11	814
Rickshaws (Private)	—	32
(Public)	—	853
Public Chairs	—	10
Tricycle (Goods)	1	770
Hand Trucks	—	1
Trailers	—	8
Drivers:		
Motor Drivers' Licences	735	49,366
Learners' Licences	2,185	—
Driving Tests	1,372	—
Rickshaw & Tricycle Drivers ..	11	3,844
Hand Truck Drivers	—	4

HONGKONG'S TRADE WITH OTHER COUNTRIES IN EAST ASIA

	Imports		Exports	
	December	Total (1955)	December	Total (1955)
Burma	\$ 3,839,068	\$ 34,852,371	\$ 1,128,004	\$ 25,199,362
Ceylon	159,412	4,855,697	1,167,420	13,297,243
Indochina	3,314,633	28,910,761	18,426,380	125,610,742
India	8,508,624	83,764,840	1,329,187	20,946,700
Pakistan	3,609,579	53,945,164	494,127	5,019,271
Malaya	10,482,726	151,429,690	30,053,799	375,365,533
Philippines	816,439	8,206,258	3,807,710	53,098,802
Thailand	17,188,083	185,878,109	18,710,708	179,108,555
Indonesia	1,059,273	28,922,533	35,457,590	193,388,155
China	98,461,754	897,646,396	13,895,706	181,560,144
Formosa	3,854,387	40,315,696	4,592,433	37,402,084
Korea	1,156,916	10,303,471	14,910,235	192,203,333
Total Trade of Hongkong	\$349,944,884	\$3,718,917,584	\$245,753,025	\$2,534,423,746

SHIPPING
**FOREIGN TRADE CONDUCTED BY JUNKS AND LAUNCHES
UNDER 60 TONS**

	December		Total (1955)	
	Inward	Outward	Inward	Outward
Tonnage of Cargo: Junks ..	75,692	5,746	615,209	80,908
Tonnage of Cargo: Launches .	5,563	1,436	41,868	3,479
Total	81,255	7,180	657,067	84,387
Tonnage of Vessels: Junks ..	104,475*	103,055	921,102	923,705
Tonnage of Vessels: Launches .	10,150	9,783	91,408	90,797
Total	114,625	112,838	1,012,510	1,014,502

COMMERCIAL CARGO TONNAGES

	December		Total (1955)	
	Discharged	Loaded	Discharged	Loaded
Ocean-going Vessels (tons) ..	290,391	153,021	3,430,898	1,558,309
River Steamers (tons)	1,005	838	14,915	17,126
Total (tons)	291,396	153,859	3,445,813	1,575,435

AVIATION
**Arrivals and Departures of Aircraft,
Passengers and Freight at Kai Tak**

	December		Total (1955)
	Arrivals	Departures	
Aircraft:			
Arrivals	303		3,379
Departures		305	3,386
Total	608		6,765
Passengers:			
Arrivals	6,466		68,203
Departures		7,148	72,740
Total	13,614		140,943
Freight:			
Imports (kilogrammes)	53,982		538,422
Exports (kilogrammes)		195,550	2,078,306
Total	249,532		2,616,728

HONGKONG'S TRADE IN GOLD & SILVER IN 1955
IMPORTS

	OZS	HK\$
Gold, in bars	1,776,364	385,636,011
United Kingdom	448,000	95,682,121
Australia	1,082,686	236,305,303
South Africa	239,328	52,314,587
Switzerland	6,350	1,334,000
Unworked gold		
(leaf and powder)	134	24,709
United Kingdom	87	15,777
U.S.A.	47	8,932
Silver (bars or ingots)	156,433	692,759
United Kingdom	9,000	59,850
Malaya	46,133	167,430
Japan	31,900	189,200
Macao	70,300	276,279
Gold coins	41,090	9,840,330
United Kingdom	5,492	1,292,590
Switzerland	35,598	8,547,740
Silver coins		
Malaya	7,100	24,228
Formosa	12,000	70,000
Macao	85	270

EXPORTS

	OZS	HK\$
Gold, in bars	1,690,722	364,692,494
Macao	1,690,722	364,692,494
Unworked gold		
(leaf and powder)	148	38,730
Malaya	20	6,230
Indochina	128	32,500
Silver (bars or ingots)	1,094,601	5,339,603
United Kingdom	278,011	1,325,400
Thailand	816,590	4,014,203
Gold coins	41,587	9,955,783
Macao	41,587	9,955,783
Silver coins	68,070	310,300
United Kingdom	68,070	310,300

RESETTLEMENT IN HONGKONG

POPULATION IN RESETTLEMENT AREAS

Resettlement Areas	Population as at 31.12.55			
	Male	Female	Children	Total
Temporary Cottage Areas (one storey cottages and huts)				
Chai Wan (Hongkong)	3,440	3,187	4,443	11,070
Fu Tau Wat (Hongkong)	445	448	526	1,419
Healthy Village (Hongkong)	281	277	223	781
Soo Kun Poo (Hongkong)	662	660	743	2,065
Mt. Davis (Hongkong)	564	621	522	1,707
Ngau Tau Kok (Kowloon)	1,632	1,106	1,451	4,189
Chuk Yuen (Kowloon)	2,948	2,313	2,551	7,812
Tung Tau (Kowloon)	1,789	1,851	1,898	5,538
Shek Shan (Kowloon)	174	144	218	536
Homantin & King's Park (Kowloon)	8,041	8,171	10,585	26,797
Tai Hang Sai (Kowloon)	805	793	949	2,547
Lai Chi Kok (Kowloon)	332	443	495	1,270
Tai Woh Ping (Kowloon)	141	138	132	411
Tai Wo Hau (Tsun Wan)	805	530	491	1,826
Totals for Cottage Areas ..	22,059	20,682	25,227	67,968
Emergency Accommodation at Shek Kip Mei				
(Two and three storey buildings)	11,859	11,066	13,387	36,312
Multi-storey Estates (Six and seven storey buildings)				
Shek Kip Mei	6,516	5,682	5,796	17,994
Li Cheng Uk	2,535	2,129	2,060	6,724
Tai Hang Tung	9,370	7,617	7,098	24,085
Totals for Multi-Storey Estates	18,421	15,428	14,954	48,803
Grand Totals	52,339	47,176	53,568	153,083

PREMISES IN RESETTLEMENT AREAS

Resettlement Areas	Domestic and Shop Premises occupied or ready for occupation on 31.12.55			
	Premises occupied on Hire/Purchase or rent agreement (other than Government owned premises)	Premises owned by the occupier	Premises owned by Government and let out	Total
Temporary Cottage Areas (one storey cottages and huts)				
Chai Wan (Hongkong)	157	2,087	146	2,390
Fu Tau Wat (Hongkong)	—	217	—	217
Healthy Village (Hongkong)	—	93	—	93
Soo Kun Poo (Hongkong)	166	236	—	402
Mt. Davis (Hongkong)	—	331	—	331
Ngau Tau Kok (Kowloon)	10	544	487	1,041
Chuk Yuen (Kowloon)	—	1,628	—	1,628
Tung Tau (Kowloon)	287	833	25	1,145
Shek Shan (Kowloon)	94	8	—	102
Homantin & King's Park (Kowloon)	1,072	3,877	33	4,982
Tai Hang Sai (Kowloon)	457	33	5	495
Lai Chi Kok (Kowloon)	6	239	—	245
Tai Woh Ping (Kowloon)	—	81	—	81
Tai Wo Hau (Tsun Wan)	—	259	—	259
Totals for Cottage Areas ..	2,249	10,466	696	13,411
Emergency Accommodation at Shek Kip Mei				
(Two and three storey buildings)	—	—	6,079	6,079
Multi-storey Estates (Six and seven storey buildings)				
Shek Kip Mei	—	—	2,958	2,958
Li Cheng Uk	—	—	1,402	1,402
Tai Hang Tung	—	—	4,457	4,457
Totals for Multi-Storey Estates	—	—	8,817	8,817
Grand Totals	2,249	10,466	15,592	28,307

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

March 5-10, 1956

March	U.S.\$		Notes High	Notes Low
	T.T. High	T.T. Low		
5	\$595	594	590 3/4	589 3/4
6	594 1/2	593 1/4	590 1/2	589 1/2
7	593 3/4	593 1/4	591 1/4	589 3/4
8	594 1/4	593 1/4	591 1/4	590 3/4
9	593 3/4	592 3/4	590 3/4	589 3/4
10	591 1/4	591	588 7/8	588 3/4

D.D. rates: High 592 3/4 Low 589.

Trading totals: T.T. US\$2,660,000; Notes cash US\$460,000, forward US\$1,790,000; D.D. US\$320,000. The market eased when Sterling strengthened and cross rates continued to rise in New York. In the T.T. sector, exchange operators and speculators sold heavily. In the Notes market, speculators liquidated their holdings while demand from shippers were weak on account of the narrow difference between T.T. rates. Interest for change over favoured buyers at HK\$1.40 per US\$1,000, while positions taken averaged US\$2 million

a day. In the D.D. sector, the market was quiet.

Yen: Only a limited volume of business in forward at HK\$1,475—1,445 per Yen 100,000 was transacted; interest favoured sellers at 10 HK cents per Yen 100,000.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.905—1.885, Japan 0.0149—0.01465, Malaya 1.88, Indochina 0.0757—0.714, Thailand 0.273—0.2717. Sales: Pesos 285,000, Yen 95

million, Malayan \$270,000, Piastre 12 million, Baht 6 million. The market was quiet.

Chinese Exchange: People's Yuan notes remained at HK\$1.60 per Yuan. Taiwan Dollar notes were quoted at HK\$157—156 per thousand, and remittances at 147—145; trading was slow.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.82—15.73, Australia 12.25, New Zealand 13.92—13.82, Egypt 15.15, South Africa 15.53—15.51, India 1.19125—1.1875, Pakistan .90—0.89, Ceylon .90, Burma .53—0.52, Malaya 1.843—1.842, Canada 5.905—5.875, Cuba 4.50, Philippines 2.02—1.98, Macao .995—0.99, Switzerland 1.35, West Germany 1.35, Italy .95, France .0147—0.0146, Indochina .0785—0.0765, Indonesia .0168—0.165, Sandakan 1.50, Thailand .0265—0.262.

GOLD MARKET

March	High .945	Low .945	Macao .99
5	\$258¾	257¾	
6	258¼	257¾	
7	258¾	257¾	
8	258½	258¼	268¾ High
9	258¾	257½	
10	256¾	256¾	Low 267

The opening and closing prices were 258¼ and 256¾; the highest and lowest 258¾ and 256¾. The market was weak, and with arrivals in Macao, interest for change over reduced to only HK\$1.70 in favour of buyers per 10 taels of .945 fine. Positions taken averaged 31,000 taels per day. Tradings amounted to 38,040 taels or averaged 6,340 taels per day. Cash sales totalled 19,200 taels (4,900 listed and 14,300 arranged). Imports were all from Macao and amounted to 16,500 taels. Two shipments arrived Macao by air via HK, and amounted to 51,200 fine ounces. Exports totalled 15,500 taels (7,000 to Singapore, 5,500 to Indonesia, 1,500 to Rangoon, 1,000 to Indochina and 500 to Korea). Differences paid for local and Macao .99 fine were HK\$12.70 and 12.00 respectively per tael of .945 fine. Cross rates were US\$37.91—37.88; 16,000 fine ounces were contracted at US\$37.89 C.I.F. Macao. U.S. double eagle gold coins were quoted at HK\$249—245 (Old) and 222—221 (New) per coin; Mexican gold coins at 273—271 per coin.

Silver Market: The market was very quiet. Bar silver at HK\$6.33 per tael with 600 taels traded; \$ coins at HK\$4.03 per coin with 500 coins traded; and 20 cent silver coins at HK\$3.13—3.11 per 5 coins.

NEW YORK EXCHANGE MARKETS

By Deak & Co., Inc.

During the month of February moderate volume was traded in the Foreign Exchange market. Here follows some buying rates for banknotes: Holland—3.88 guilders per dollar (last month same), Finland—333 marka per dollar (344 last month), Austria—26.18 schillings per dollar (26.74 last month), Switzerland 4.31 francs per dollar (4.31 last month), Belgium—51 francs per dollar (51 last month).

England—The pound Sterling being traded in heavy volume, showed an undertone of strength mainly due to an increase in demand by early tourists, the buying price being quoted at \$2.63 per pound and the selling \$2.66 per pound. The American Account Pound, declining somewhat since the previous report, was quoted at \$2.80½ per pound, while the Transferable Pound was quoted at \$2.77½ per pound, holding in value.

France—Constant fluctuations of the French franc caused heavy speculation and volume of business transacted was heavy. The French franc as of this writing was quoted at 402 francs per dollar buying and 39½ francs per dollar selling.

Germany—The German mark, continuing to be one of the strongest European currencies, remained unchanged, being quoted at 4.25 marks per dollar buying and 4.21 marks per dollar selling.

Italy—The Italian lire, fluctuating within narrow range, showed an increase in demand for banknotes towards the end of the month. Quotations were 645 lire per dollar buying and 636 lire per dollar selling.

Spain—Although demand has been heavy for Spanish pesetas, they became slightly weaker, being quoted at 44.44 pesetas per dollar buying and 43.66 pesetas per dollar selling.

Scandinavian countries—Scandinavian currencies became stronger as demand for banknotes by tourists increased, our buying rates being as follows: Norway—7.55 kroner per dollar (7.93 last month), Sweden—5.48 kroner per dollar (5.55 last month), Denmark—7.25 kroner per dollar (7.52 last month).

Other currencies were quoted as follows:

Argentina—The Argentine peso, now being controlled by the free market existing in that country, early in the month dropped close to its present rate of 43.10 pesos per dollar buying and 42 pesos per dollar selling. Since then fluctuations have been irregular and within narrow range.

Brazil—The Brazilian cruzeiro, holding in value, was traded in heavy volume, showing an undertone of weakness towards the end of the month as future offerings became increasingly heavy. Latest rates quoted were 73 cruzeiros per dollar buying and 70 cruzeiros per dollar selling.

Chile—The Chilean peso, continuing to gain in value, was quoted at 530 pesos per dollar buying and 490 pesos per dollar selling.

Colombia—Volume transacted in Colombian pesos increased somewhat due to a certain amount of speculation caused by erratic fluctuations. The buying rate of the Colombian peso as of today was 4.25 pesos per dollar buying and 4.08 pesos per dollar selling.

Venezuela—The Venezuelan bolivar was traded in heavy volume at steady rates, the selling rate being 3.36 bolivares per dollar.

FOREIGN BANKNOTE QUOTATIONS

Country	Official Exchange Units Per US\$1	Banknote Rate Units per \$1
Burma—kyat	4.76	9.10
Ceylon—rupee	4.76	5.26
Formosa—Taiwan dollar	15.55	40.00
Hongkong—dollar	5.71	5.77
India—rupee	4.76	4.87
Indonesia—rupiah	11.40	33.33
Japan—yen	359.00	394.00
Malaya—dollar	3.03	3.19
Pakistan—rupee	4.76	5.85
Philippine Republic—peso	2.00	2.80
Thailand—baht	12.65	20.40
Vietnam (South)—piastre	35.00	66.66

HONGKONG SHARE MARKET

The local stock market remained sluggish last week; total turnover amounted to only \$3.8 million. With the exception of a small number of popular shares, prices in general declined further during the week. On Thursday and Friday, some quotations showed slight recoveries but the closing

rates of many shares were lower than those for the previous week:

Shares	March 2	Last Week's Rates		Closing	Up or Down
		Highest	Lowest		
HK Bank	1680	1685	1675 b	1685	+\$5
Union Ins	975 b	990	980	990 s	+\$15
Wheelock	8.60	8.60	8.45	8.50	—10¢
HK Wharf	72	73 b	72	73 b	+\$1
HK Dock	34.75	35	34.25 b	35	+25¢
Provident	14.20	14.50 s	14.10 b	14.40	+20¢
Land	61	XD 61.50	62.50	XD 61.50	\$2.25
Realty	1.55 s	1.55 s	1.475 b	1.50	—5¢
Hotel	18.30	18.50	18.30	XD 14.90	+10¢
Trams	24.50	24.40	23.80	24.20	—30¢
Star Ferry	136 n	—	—	136 n	steady
Yaumati	105	106	105 b	105	steady
Light (o)	21.90	21.80	21.50	21.60	—30¢
Light (n)	18.80	18.80	18.60 b	18.60 b	—20¢
Electric	31	31.25 s	30.50	30.50	—50¢
Telephone	32.25	33.25	32	33.25	+\$1
Cement	33.75	34.25	33.75	34.25	+50¢
Dairy Farm	17.40	17.50	17.20	17.20	—20¢
Watson	12.20	11.80	11.50	11.60	—60¢
Yangsze	6.80	6.95 s	6.70 b	6.70 b	—10¢
Allied Invest	5.50 s	5.40 s	5.30 b	5.40 s	—10¢
HK and FE Invest	11 b	11.50	11 b	11.39	+30¢
Textile	5.40 s	5.35	5.25 b	5.35	—5¢
Nanyang	7.55 b	7.80 s	7.40 b	7.60 n	+5¢
Amal Rubber	1.75	1.80	1.70	1.775 s	+2½¢

Monday: The market was dull and featureless on the opening day of the week's trading with price changes few and small. The total business transacted only amounted to approximately \$425,000. **Tuesday:** Once again quiet conditions prevailed and prices fluctuated slightly. Hotels were the most active stock, easing slightly towards the close. On the other hand, Yaumatis were a shade higher. Union Waterboats made headway after the announcement that the Directors were recommending one bonus share for every two shares held and a dividend of \$1.80 per share. Amalgamated Rubbers firmed on better advices from abroad. The day's turnover amounted to approximately \$920,000. **Wednesday:** There was only a meagre amount of business transacted during the half-day session and prices drifted lower. The turnover amounted to approximately \$640,000. **Thursday:** The market remained in the doldrums. The turnover for the day amounted to approximately \$930,000. **Friday:** There was little change in the pattern of trading in the market on the closing day of the week with minor fluctuations either way. Trams, Telephones, Wharves, Cements and Waterboats were fractionally better whilst Yaumatis and Dairy Farms were a shade off. Elsewhere prices were virtually unchanged with the turnover amounting to \$880,000. The undertone at the close was steadier on late buying.

DIVIDENDS

The Hongkong and Yaumati Ferry Co., Ltd. will pay a final dividend of \$5 per share for preferential shares and \$4.50 per share for ordinary shares in respect of the year ended December 31, 1955.

The Vibro Piling Company, Limited announced a dividend of \$1 per share and a bonus of \$1 per share. In addition to the above dividend and bonus, new bonus shares (in the ratio of one new share for every four shares held) will be issued.

The Union Waterboat Co., Ltd. announced a dividend of \$1.80 per share. One bonus share will be issued for every complete two of the 142,860 shares.

The Mercantile Bank of India, Ltd. in Hongkong has received advice from its Head Office that a second interim dividend of 7 per cent, less Income Tax, will be paid. No further dividend for 1955 will be declared.

The Chartered Bank of India, Australia and China announced a final dividend of 7½ per cent, subject to income tax, making the dividend for the year 1955, 15 per cent.

The HK Telephone Company, Limited announced a dividend of \$1.50 per share for the year ended 31st December, 1955, together with a cash bonus of 25 cents per share. The Company will propose at the forthcoming Annual General Meeting to increase the Company's share capital from \$19,000,000 to \$30,000,000. Should this resolution be passed, it is intended to offer shareholders eleven new shares, at par, for every nineteen shares. The new shares will be payable, in full, on or before 30th June, 1956, and will rank for dividend as from 1st July, 1956.

HONGKONG & SHANGHAI BANKING CORPORATION

A profit of \$20,580,320 for the year ended December 31, 1955, is reported by the Directors of the Hongkong and Shanghai Banking Corporation. The Directors' report will be presented to the members at the ordinary yearly general meeting to be held at the Head Office, Hongkong, on Friday, March 16. It states:

"The profit for the year, after providing for taxation on profits earned to date and after making transfers to the credit of Reserves for Contingencies, out of which Reserves provision has been made for any diminution in value of current assets, amounts to \$20,580,320. To this must be added the undistributed profit brought forward from the previous year \$10,215,256. An

interim dividend of £2 per share was paid on August 8, 1955, amounting to £400,000 at 1/2-27/32, \$6,467,368; leaving a balance available for distribution of \$24,328,208.

"This balance the Directors recommend be appropriated as follows: Amount to be written off Bank Premises, \$4,000,000; a final dividend of £3 per share, £600,000 at 1/2-13/16, \$9,721,519; leaving a balance to be carried forward to next year of \$10,606,689.

"In accordance with the resolution passed at the extraordinary general meeting of shareholders held on March 11, 1955, HK\$5,000,000 of the Reserve Fund was capitalised, and during the year the Board of Directors authorised the transfer of an equivalent sum from Inner Reserves to the Reserve Fund. The Reserve Fund accordingly now amounts to HK\$128,000,000 (£8,000,000)."

SINGAPORE SHARE MARKET

With a background of uncertainty and the absence of any incentive markets were dull and the total volume of business suffered a further reduction. Industrials had a quiet week and with the commodity price hovering around 96 cents a pound, rubber share interest was small. Due to the fluctuating metal price and the possibility of a mining strike tin share buyers were inclined to mark time.

In the Industrial section most of the leading counters lost ground. Fraser & Neave Ords. went from \$1.72½ to \$1.70. Wearnes from \$2.82½ to \$2.80 and Singapore Cold Storage had exchanges at \$1.52½ and \$1.51½. Straits Traders were offered down to \$25 before attracting buyers, Wm. Jacks had business at \$2.75 and Sime Darby at \$1.95, in both cases with sellers over. McAlisters had takers at \$3. ex div., Straits Steamship had exchanges at \$12.60 and \$12.65 and Straits Times at \$2.70. United Engineers had transactions at \$8.60 cum dividend with buyers over, Malayan Breweries were steady at \$3.40 c.d. and Gammons, due to some short covering and the belief that the fall may have been overdone, recovered to \$2.20.

Petalings remained steady around \$4.05 c.d., Rantau had exchanges at \$1.37½, Taiping Consolidated went from \$1.32½ to \$1.37½ and Kuchai had buyers at \$1.80.

Austral Amalgamated were steady at 15/4½, Tongkah Harbour had exchanges at 7/9 and Larut Tin rose to 9/4½ after the announcement of a final dividend of 1/9 to make a total of 60% for 1955; at the close there were sellers at 9/3 cum dividend.

In the rubber share section idle conditions prevailed. Glenealy had a few transactions at \$1.60 cum dividend,

HONGKONG AND FAR EASTERN TRADE REPORTS

March 1-10, 1956

Trading with S.E. Asia showed further improvement. Korea sent here many enquiries but business was restricted by low buying offers, short stocks and shortage of foreign exchange in Seoul. Exports to Taiwan were light while shipments to the Philippines improved. Japan and Europe remained keen on China produce.

TRADE DEVELOPMENTS

Freight & Insurance: An air parcel service from here to Nigeria will begin on March 19 (HK\$11 for every half pound). The insurance rates for war and strike, riot and civil shipping risks to and from China were again lowered: 3/4d per £100/- for both imports and exports for Canton and ports to the south excluding Taiwan, Hongkong and Macao; 5/0d to £1/- per £100/- for imports for all ports north of Canton excluding Taiwan.

China Trade: Peking sold to a Japanese merchant US\$2 million worth of iron ore. Exports from here to China remained low while imports from the mainland registered further increases.

Taiwan Trade: The Japan-Taiwan trade negotiation now in progress encountered difficulties in adjusting prices for Taiwan sugar and rice. Taiwan's buying interest here still centered on pharmaceuticals, industrial chemicals and certain metals; the volume of business, however, remained limited.

Japan Trade: Japan's foreign currency reserves (for the fiscal year ending March 31) will attain a postwar

Teluk Anson fell to 90 cents before meeting fair buying power and Pajam had business down to 86 cents. Chota Rubber have announced the sale of both their estates. The Segambut Estate will remain in their hands until the final payment, due by 31st August 1956, has been received, and after receipt the Company will go into liquidation and the Directors estimate that shareholders will receive not less than 2/9 per 2/- share. At the close the middle price was 2/9d. Scottish Malayan Estates have announced the sale of 1,326 planted acres at a price of £166,250. The Company should now have liquid assets equivalent to the present market price of 2/6d.

There was less activity in both local and overseas loans. The City Council intends to raise \$30 million this year and has decided to seek Legislative Assembly approval to float an \$18½ million 5% loan redeemable in 10-20 years. This stock will be offered to holders of the 1926 stock which is due for redemption in May this year.

Oil Search moved from A14/3 to A14/9 and back to A14/- . Peko continued to improve with business from A19/4 to A10/2½.

record of US\$1,400 million. Tokyo banned exports of cotton textiles and marine and agricultural products to Indonesia, pending improvement of Indonesia's exports to Japan. In the local market, Japan remained keen in China produce particularly in oil seeds.

Korea Trade: Seoul was considering to increase duties on non-essential imports. Tenders were invited by Korea for the supply of cigarette paper making equipment and coal tar pitch of origins other than Japanese and Communist. Korea's purchases from here were affected by the delay in allocation of government foreign exchange. There were, however, many enquiries from Seoul for paper, metals, pharmaceuticals and sundries.

Indonesia Trade: Indonesia purchased from U.S. \$97 million worth of surplus farm products under the long-term loan arrangement. With the approach of the "Puasa" Festival, Indonesia sent here more orders for cotton yarns, piece goods and sundries.

Thailand Trade: Bangkok was considering to lower foreign exchange rates and import duties. Shipments of local manufactures to Thailand showed remarkable improvements since the relaxation of import restrictions in Thailand. Items shipped to Thailand included cotton yarn, cotton textiles, pressure lantern, and beverages. Imports from Thailand remained very active.

Indochina Trade: Saigon suspended the acceptance of import applications as from the beginning of the month. In the meantime, exports from here to Vietnam remained brisk consisting mostly of metals, cement, cotton textiles, enamelware, aluminiumware, torchlight batteries, paints, oils, flashlights, marine products, and foodstuffs. Trade with Cambodia also registered improvements as more barter transactions were concluded. Imports from Cambodia included sesame seed, watermelon seed, maize and dried fish.

Philippine Trade: Manila added liquid fuel to the list of items permitted for barter trade with HK. Nearly 70% of HK-Philippine trade was done on barter basis. Shipments to the Philippines consisted mostly of cotton yarn, textiles, foodstuffs, and knitting machines. Sugar, mango, and rice bran constituted the major portion of imports from the Philippines.

Burma Trade: Rangoon was considering to import pottery and porcelainware, lamps and stoves, cutlery, and glassware (except glass bottles). Burma's purchases from here showed some improvements. Orders were received for sundry provisions, towels, and paper.

Other Countries: Egypt announced a 60% cut in imports and prohibited the entry of automobiles, refrigerators,

radio sets, washing machines, heaters, and gas cookers. Singapore was considering to restrict imports of HK manufactured footwear.

COMMODITIES

China Produce: Japan was the leading customer for China produce followed by S.E. Asia and Europe. Prices of many popular items scored gains. Tea-seed oil firmed under unabated demand from Europe and uncertain supply situation. Groundnut oil drew very keen demand from Japan, Canada and Africa; prices further stimulated by speculative operations. Bitter almond remained at its peak level and business was only transacted in Indian cargo of forward delivery. Cassia lignea was favoured by India, Pakistan, Japan and Europe at firm prices. Dried chilli remained active with orders from Singapore and India. Sesame seed remained popular with Japan; direct shipments from Thailand were concluded. Castor seed of Thai origin was purchased by Japan. Mustard seed was also wanted by Japan, but short stock prevented the business. Woodoil was bought by Japan and enquired for by Korea; prices were steady. Aniseed oil was favoured by Europe, Australia and New Zealand; price improved slightly. Cassia oil was bought by Japan at an unchanged price. Peppermint was short in stock but attracted little demand. Maize was another item bought by Japan; several large shipments were concluded at firm prices. Garlic enjoyed good demand from Thailand, Singapore and Vietnam; kapok was purchased by S.E. Asia and aniseed star by Japan. Dried ginger and bee wax were favoured by Japan and Europe at steady prices. Japan was also interested in alum, rosin, and gallnut; Europe in jute and hog casing. Menthol crystal dipped despite purchases by Thailand, Burma and Singapore as the export floor price was lowered by China. Feathers turned weak with the approach of slack season and tea declined further under influence of the bearish world market. Rice bran, wheat bran and teaseed cake were favoured by local farmers. In the bean market, green pea was bought by India, Ceylon, Singapore and Penang. Yellow bean, black bean, broad bean, green bean, red bean and string bean registered only local demand; prices were barely steady.

Metals: Overseas demand remained slow but local consumption continued strong and prices in general ruled firm. Mild steel plate registered sharp gains under purchases by the Philippines; mild steel round bar remained firm under active local demand as well as enquiries from Thailand and New Zealand; mild steel angle bar witnessed selling resistance when stocks were drawn thinner and prices went higher. Black plate and black plate waste waste improved on better local demand; stock shortage forced buyers to take up near forwards. Galvanized iron sheet was actively

traded but price failed to improve under ample stock. Galvanized iron wire enjoyed better output demand and business was done mainly on goods of Chinese origin as European cargo was short. Galvanized iron pipe firmed up when indent cost went up by 15%. Wire rod recorded heavy purchases by local factories. Aluminium sheets, brass sheets, copper sheets, lead sheets and zinc sheets all scored gains under brisk local demand and higher cost. Iron scraps were bought by Japan and Western Germany. Brass rod advanced on dwindled stock and marked-up indent but new arrivals prevented further improvements. Tin turned weak under the influence of a bearish market in Singapore; tin plate was favoured by local manufacturers and tin plate waste was depressed by selling pressure. Salvaged steel plate was very popular with local dealers and prices jumped up. Other items which enjoyed good local demand were pig lead, welding electrode, ungalvanized iron wire shorts, steel shaft, and iron wire nail.

Paper: MG white sulphite was favoured by Thailand and Korea at better prices. Transparent cellulose paper firmed on demand from Korea but low buying offers restricted trading. Newsprint in reels was very popular with Korean traders as supplies from U.S. and Canada were tightened. Newsprint in reams was almost exhausted under repeated absorption by Thailand; transactions were later confined to forwards. Korea also bought wood-free printing; transactions were concluded in near forwards. MG ribbed red sulphite was bought by Vietnam at improved prices. Duplex board rallied after some off-price sales. MG ribbed kraft enjoyed active local demand but price failed to advance under heavy arrivals from Japan.

Industrial Chemicals: There were more enquiries than orders from various sources. Linseed oil remained firm on orders from Vietnam. Lead oxide was enquired for by Taiwan and improved on higher cost. Ammonium bicarbonate improved under purchases by the same source. Bronze powder, copper sulphate, potassium carbonate, and zinc oxide all advanced on dwindled stocks and higher indents. Industrial tallow, soda ash, sodium cyanide, sodium hyposulphite, and stearic acid were enquired for by Korea. Titanium dioxide receded under arrival of new supplies. Moderately active sales were maintained in acetic acid, calcium hypochlorite, carbolic acid, cup grease, glycerine, oxalic acid, phosphoric acid, paraffin wax, sodium bicarbonate, sodium sulphide, bleaching powder, caustic soda, and tanning extract; prices were steady.

Pharmaceuticals: Market was kept steady by demand from Korea, Taiwan, and S.E. Asia. Among the purchases made during the 10 days, were dihydro-streptomycin, santonin crystal, saccharum lactose, quinine sulphate, sulfadiazine powder, and sulfathiazole

powder by Korea; hexamina, aureomycin capsule, and quinine ethylcarbonate by Taiwan; dihydro-streptomycin, penicillin preparations, and brooklax by S.E. Asia. India purchased atophan tablet, sulfadiazine powder, and sulfathiazole powder, while local dealers bought aspirin powder, adhesive plaster, caffeine alkaloid, ferri ammonium citrate, glucose powder, phenacetin, potassium iodine, sanatoxin, and vitamin powder.

Cotton Yarn & Textile: The market was steady with active local demand. HK yarns remained firm; the 20's were particularly favoured by local weavers. Indian yarns turned quiet but steady. Pakistan yarn ruled active; the 20's dipped slightly under new arrivals. Japanese yarns advanced on higher cost despite sluggish trading. Japanese staple fibre yarns were firm on short stocks. Trading in the cotton textiles continued bearish, but dwindled stocks kept prices steady.

Rice: Prices fluctuated within narrow margins in the rice market since the beginning of the month. Active demand was maintained by the local retailers.

Wheat Flour: Canada and U.S. products were barely steady under heavy supplies and marked down indents. HK Flour Mill introduced a new brand packed in 150-lb. bags.

Sugar: Heavy arrivals and weak demand kept the market bearish. The resumption of sugar export by Japan and the expected arrival of French sugar further depressed the market.

Cement: Local demand kept prices steady.

Marine Products: Demand from Singapore, Vietnam, and Thailand showed improvement. Awabi gained slightly under purchases by Vietnam; cuttle fish was favoured by Thailand and Vietnam and prices of the medium grade improved; dried oyster rallied under keen buying support from S.E. Asia as well as from local retailers. Compy recovered on higher cost. Dried shrimp, dried squid and sea blubber also enjoyed local demand at steady prices.

Sundries: The sundry provisions market ruled brisk with orders from Singapore, Malaya, Penang, Thailand, and Cambodia. Watermelon seed remained active at improved prices; lily bulb was under seasonal demand with slight gains; olive seed rallied when stocks dwindled; dried persimmon and salted vegetable moved up on better local demand. Bean thread, ginkgo, lotus nut, lungngan, pearl barley, plum, violet seaweed cake, and walnut were steady, while agar agar, apricot kernel, bamboo shoot, and dried lichee turned weak. Mushroom recovered when trading became livelier. Fairly active sales were reported in the sundry articles market, and items which enjoyed good

overseas demand included lighters, flint, handkerchiefs, nail clips, boot polish, playing cards, and spoons and forks.

Miscellaneous: Groundnut oil gained further as India suspended further exports. Glass market recorded renewed buying interest from Thailand, the Philippines and Korea. Gunny bags witnessed keen demand by Vietnam but prices were depressed by marked-down indents. Leathers enjoyed more active local and export sales. Hides from China reported heavy new arrivals. Fresh eggs registered more supply from China at reduced prices.

COMMODITY PRICES ON

FEBRUARY 29, 1956

CHINA PRODUCE

(Prices per picul unless specified otherwise)

Anised Star: Kwangsi, export packing \$89. Bran (Rice): Phnompenh \$24.60; Thai \$25. Bran (Wheat): HK, \$25. Camphor Tablet: HK, processed, 1/2-oz \$3.70; 1/4-oz \$3.65; 1/8-oz \$3.60, all per lb. Cassia Lignea: Kwangtung/Kwangsi, 1-cwt bale \$55.50; 80-lb bale \$52. Dried Alumen: Tientsin, 7/8d per lb c & f Japan. Duck Feather: HK, N.N. 85% \$470; Vietnam, 1st quality \$360; South China -/70d per lb c & f Europe. Goose Feather: HK, GGS 90% \$640. Gypsum: Hupeh, white colour \$7.80. Reasgar: Hunan \$62. Fluorspar: Hunan 85-90% \$210/10 per metric ton c & f Japan. Lead Ingot: 99.9% \$115. Talcum Powder: East China \$235 per metric ton. Tin Ingot: Straits 99.7% \$790. Hog Bristle: Tientsin, No. 55 black 28/04; Hankow, No. 17 black 24/11d; Chungking, No. 27 black 18/1d; Shanghai No. 17 black 14/11d; all per lb c & f Europe. Ramie: Thai, yellow, 2nd grade, new \$80; Taiwan, forward \$120. Hemp: North China \$135/- per metric ton c & f Europe. Raw Silk: Shanghai, 20/22 denier AAA grade \$3,265; AA grade \$3,235; A grade \$3,215; Canton, D grade, forward \$3,045. Dried Red Chilli: Szechuen \$108; Hunan \$100; Shantung \$93; Honan \$82. Rosin: Kwangtung, AA grade \$1,109 per metric ton; A grade \$1,092 per metric ton. Sesamum, Unhulled: Hankow, \$82; Thai, \$67.50, Vietnam, \$61.50. Hemp Seed: North East China, \$1,470 per metric ton. Linseed: North China, \$59/- per metric ton cif Japan. Castor Seed: North China \$60/- per metric ton cif Japan. Silk Waste: Liao-tung, A grade, tussah silk waste 74/6d per kg cif Japan; Szechuen, spun silk waste, 60-kilo case, A grade \$1,950 per case; Kwangtung, A grade, long waste, yellow \$1,560 per quintal. Tea: Fukien, Pai Mu Tan, white, 1st quality \$1,640; Fukien, Ti Kwan Yin, black, 1st quality \$1,950; Anhwei, black, 1st quality \$475. Spun Silk: Shanghai, 50-kilo case 210/2 \$1,884; 140/2 \$1,691; 120/2 \$1,639; all per case: Shanghai, A grade, bourrettes \$7.73 per kg cif HK. Anised Oil: Kwangsi, in drum \$1,700; Vietnam, in drum \$1,645. Camphor Oil: Taiwan, refined, in drum \$175; Kwangsi, crude, in drum \$150. Cassia Oil: 80-85% in drum \$1,330. Citronella Oil: Taiwan \$10.60 per lb. Eucalyptus Oil: Shanghai 80/85% \$3.60 per lb. Peppermint Oil: Shanghai \$26.30 per lb. Teaseed Oil: in bulk \$222/- per ton c & f London. Wood-oil: refined, in bulk, spot \$185; in bulk, Mar. forward, ex-KC railway station \$2,950 per metric ton. Bitter Almond: North East China, red membrane \$680. Alum: Chekiang \$22. Bee Wax: Szechuen \$430/- per metric ton c & f Europe. Galangal: Kwangtung, export quality \$26. Gallnut: Hupeh \$176. Dried Ginger: Hunan, whole, \$265 per quintal. Hop Seeds: Tientsin new \$63. Kapok: Hainan, selected \$205. Maize: Thai, purple 2-week forward \$23.90; Vietnam, red, forward \$24.50. Menthol Crystal: Shanghai \$35.50 per lb. Rhubarb: Tientsin, FAQ \$35. Silk Wadding: Shanghai, forward \$38.50 per kilo. Taro Chip: Szechuen, 1955, \$900 per metric ton. Teaseed Cake: Kwangtung/Kwangsi, new \$13.50; Fukien, new \$12.60. Turmeric: North West China \$74.

METALS

(Prices per picul unless specified otherwise)

Mild Steel Angle Bars: Cont. or Jap., 1/8" x 1" x 1" \$51; 3/16" x 1-3/4" x 1-3/4" \$50; 6/16" x 2 1/2" x 2 1/2" \$49.50. **Mild Steel Flat Bars:** Cont. or Jap., 1/8" x 3/4" \$51; 1/8" x 1" \$51; 1/4" x 1"-2" \$50; Hongkong 1/8" x 5/8" \$49; 1/4" x 1" \$48. **Mild Steel Round Bars:** Cont., 40" length, 1/4" to 3/8" \$51; 1/2" to 3/4" \$49.50; 7/8" to 1" \$50.50; 1 1/4" to 1 1/2" \$50; Hongkong 20-40", length 1/4" \$48; 3/8" to 7/8" \$48; 1" \$48. **Mild Steel Square Bars:** Cont. or Jap., 20-22", length 1/4" \$52; 5/8" to 1" \$51; 1 1/4" \$49; 1 1/2" \$49. **Mild Steel Plate:** Jap., 4x8", 1/32" \$61; 1/16" to 3/32" \$58; 1/8" \$55.50; 3/16" \$57; 1/4" to 1/2" \$57. **Steel Wire Rope:** Hongkong, 24x6x720", 1" \$1.90; 1 1/4" \$1.65; 1 1/2" \$1.45; 2" \$1.30; 2 1/2" \$1.15; 3" \$1.05; UK, 24x6x72", 1" \$2.40; 1 1/4" \$1.90; 1 1/2" \$1.70; 2" \$1.40; 2 1/2" \$1.20; 3" \$1.15; all prices per lb. **Tin Plate Waste:** Electrolytic, US 18x24" 200-lb case with tin-lining \$86 per case; 1-ton skid \$84.50 per 200 lbs; UK, 18x24", 1-ton skid \$83 per 200 lbs; Coked, US 18x24", 200-lb packing per case; 1-ton skid \$97 per 200 lbs; UK, 18x24", 200-lb case, \$94 per case; Misprint, UK, 18x24" & larger, \$48. **Black Plate Waste:** UK, 18x24" & larger, G29-G33 \$48. **Galvanized Iron Sheets:** Jap., 3x7", USG24-26 55c per lb; USG28 57c per lb; USG31 \$6.20 per pc. **Tin Plates:** UK, 20x28", 100-lb case of 112 sheets with tin-lining \$117 per case; 30x38", G26 55c per lb. **Black Iron Plates:** Jap., 3x6", G22 \$59.50; G24-G26 \$58; G30-G31 \$60. **Aluminium Sheets:** Jap., 4x8", 99.5% alloy, G22 \$2.10; 3x6", G18 \$2.08; G20 \$2.10; G26-G28 \$2.12; all per lb. **Brass Sheets:** UK, 4x4", 20-25 lbs per sheet \$415; 30-40 lbs per sheet \$470. **Copper Sheets:** German, 4x8" x 1/32" \$4 per lb. **Zinc Sheets:** Cont., 3x8", G5 \$123; G6 \$122; G8-G10 \$128. **Black Iron Pipes:** Cont., 18-22", 1/4" 40c; 3/4" 50c; 1" 67c; 1 1/4" \$1; 2" \$1.55; all per ft. **Galvanized Iron Pipes:** Cont., 18-22", 1/4" 47c; 3/4" 67c; 1" 78c; 1 1/4" \$1.10; 1 1/2" \$1.40; 2" \$1.95; 3" \$3.75; 4" \$3.80; all per ft. **Scraps:** Brass, salvaged from engine parts, large & medium sizes \$275; old, mixed \$215; new sheet, cuttings \$245; Cop. per, 96% mixed \$329; Wrought Iron, 1st choice \$320 per ton; 2nd choice \$285 per ton; Iron Plate, ship salvage 3/8" \$32; 1/2" & over \$38.

PAPER

(Prices per ream unless specified otherwise)

Aluminium Foil: UK, 60 gr. 22-lb ream 20x26" thick, golden colour \$88; Dutch or Austrian, same specification but silver colour \$65. **Duplex Board:** One side coated 31x43", 250 gr. 240-lb ream, Swedish \$151; Czech \$137; Norwegian \$144; Austrian \$140; Polish \$140; Japanese \$115; 230 gr., 220-lb ream, Swedish \$130; Czech \$126; Austrian \$128; Norwegian \$140; Finnish \$132; Japanese \$100. **Transparent Cellulose Paper:** 36x39", 30 gr, Japanese \$73; Italian \$72.50; French \$71; Belgium \$71.50. **Newsprint in Reels:** 60-52 gr. 31", US 55c; Canadian 51 1/2c; Chinese 48c; Norwegian 53c; Austrian 51c; all per lb. **Newsprint in Reams:** 31x43", Cont., 50-52 gr 50-lb ream \$26; Japanese 50 gr 48-lb ream, original packing \$22; Chinese 50 gr 48-50-lb ream \$22.70. **M.G. Cap:** 22-23 gr 17 1/2-lb ream, 26x 44", Austrian \$12.80; Norwegian \$13; Japanese \$11.60; Chinese \$8.60. **M.G. Ribbed Pitched Kraft:** Swedish, 100 gr 118-lb ream 35x47" \$39. **M.G. Pure Ribbed Kraft:** Swedish, 40 gr 47-lb 35x47" \$32.50; Austrian 39 gr 46-lb 35x47" \$30; Japanese 38-39 gr 45-46-lb 35x47" \$28; Cont., 60-160 gr 75-160-lb ream 35x47" 72c per lb. **Un glazed Pure Kraft:** 35x47", Swedish 60-140 gr 75-160-lb ream 72c; Austrian 100-140 gr 115-160-lb ream 70c; Japanese 80-140 gr 90-160-lb ream 65c; Chinese 40-80-lb ream 61c; all per lb. **Art Printing:** One-side coated, 31x43" 90 gr 85-lb ream, UK \$100; Italian \$96.50; Dutch \$92; Japanese \$83.50; US \$92. **Two-side coated, UK** 95-120 gr 90-110-lb ream \$1.25 per lb; UK 96 gr 88-lb ream \$1.04. **Woodfree Printing:** 31x43" Austrian or Dutch 50 gr & below 43-lb ream 87c; 60 gr & over 57-60-lb ream 80c; 62-83 gr 65-80-lb ream 81c; Japanese 60-100 gr 57-100-lb ream 70c; 50 gr 48-lb ream 71c; Chinese 60-90-lb ream 65c; all per lb. **Bond:** 22x34" white, 60 gr 32-lb ream, Norwegian or Swedish \$31; Central Europe \$27; Cont. \$24; Japanese \$21. **Prime Glassine:** 30 gr 26-lb ream 40-lb, French, German & Austrian \$35.50; Swedish \$35; Japanese \$32. **M.G. Pure Sulphate:** 20 gr 17-lb ream 30x

40" Swedish \$14.40; Norwegian \$14; Austrian or Czech \$13.80. **Strawboard:** 26x31" Dutch 8-lb oz \$490; 20-40 oz \$600; Japanese 8 oz \$445; 8-lb oz \$460; 20-32 oz \$565; Chinese 8-lb oz \$395; all per ton.

INDUSTRIAL CHEMICALS

(Prices per picul unless specified otherwise)

Acetic Acid: (Glacial 99/100%) German 25-kilo drum, public redown stock 73c per lb. **Stearic Acid:** Belgian 100-kilo bag, needle form \$1.05 per lb; Australian 140-lb bag, powder form 71c per lb. **Oxalic Acid:** (Crystal) German 100-kilo barrel 70c per lb. **Barium Chloride:** German 100-kilo bag \$650 per ton. **Bicarbonate of Ammonia:** UK 2-cwt drum, forward \$675 per ton; German 50-kilo drum \$630 per ton; Polish 50-kilo drum \$580 per ton. **Bleaching Powder:** UK 35-lb 1-cwt drum \$33.50. **Borax (Granular):** US 100-lb paper bag \$31 per bag. **Calcium Hypochlorite:** Jap., 60% 50-kilo drum 63c per lb. **Caustic Soda:** Chinese 250-kilo drum \$118; UK 300-kilo drum \$149; Japanese 300-kilo drum \$147; all per drum. **Chlorate of Potash:** French 1-cwt drum 62c; Swiss 100-kilo drum 62c. **UK 50-kilo case 62c; all per lb. Formalin:** UK 40% volume 448-lb drum 36c per lb. **Glycerine:** Chinese 20-kilo tin \$1.75; Dutch s.g. 1.260 250-kilo drum, public godown stock \$2.05; all per lb. **Gum Arabic:** Sudan 100-kilo bag 94c per lb. **Linseed Oil:** UK 400-lb drum \$146. **Lithopone:** 30% Dutch 50-kilo paper bag 34 1/4c per lb. **Red Phosphorus:** Canadian 1-lb tin 1/10 case \$295 per case. **Rongalite C (Lump):** French \$1.05 per lb. **Rosin:** US "WW" 517-lb drum \$81.50. **Shellac:** Indian No. 1, 164-lb case \$355. **Soda Ash:** Chinese 80-kilo bag \$23.50; UK 100-kilo bag (dense) \$32.50; 70-kilo bag (light) \$26.50; all per bag. **Sodium Bichromate:** Australian 560-lb drum 85c per lb. **Sodium Cyanide:** German 50-kilo drum \$1.14 per lb. **Sodium Hydroxide:** phiate: French 50-kilo drum \$158; UK 50-kilo drum \$168; US 250-lb drum \$155. **Sodium Nitrate:** German 50-kilo gunny bag \$25. **Sulphur Powder:** German 50-kilo bag \$26; US 100-lb bag \$31. **Industrial Tallow:** Australian No. 1 300-kilo drum \$82; German 180-kilo drum \$82. **Titanium Dioxide:** German 50-kilo gunny bag \$2.25; UK 56-lb paper bag \$2.25; Japanese 20-kilo paper bag \$1.95; US 50-lb paper bag \$2.20; all per lb. **Zinc Chloride:** Belgian 1-cwt drum \$1,450 per ton. **Zinc Oxide:** 99% Dutch 50-kilo gunny bag 70c; German 50-kilo gunny bag 70c; South African 50-kilo gunny bag 72c; all per lb. **Gum Copal:** Malaysian No. 140-catty gunny bag \$235.

PHARMACEUTICALS

(Prices per lb. unless specified otherwise)

Penicillin-G Procaine Fortified: 400,000 units per dose—UK 1967 36c per vial; French 1956 16c per vial. **Penicillin Ointment:** UK 2,000 units per 1-oz tube \$6.50 units per dozen. **Penicillin-G in Oil, Procaine:** 50,000 units per cc, 10 cc per vial UK 1958 \$2.35 per vial; US 1957 \$2.60 per vial; French 1958 \$1.60 per vial. **Dihydrostreptomycin:** UK 1959 81c per vial of 1 gm, 1958 63c; French 1958 67c per vial of 1 gm, 1959 72c; Japanese 66c per vial of 1 gm. **Sulphadiazine Powder:** UK 14-lb tin \$27; French 10-kilo tin \$26.50; Japanese 10-kilo tin \$26. **Sulphaguanidine Powder:** UK 1-cwt drum \$7; French 50-kilo drum \$7; Italian 1-cwt drum \$6.70; German 50-kilo drum \$6.70. **Sulphathiazole Powder:** French 50-kilo fibre drum \$9.40; Italian 100-kilo drum \$8.80; German 50-kilo drum \$9.40. **Quinine Ethylcarbonate:** Dutch 1-oz carton \$2.44 per oz. **Quinine Sulphate (1932):** Dutch 100-oz tin \$135 per tin. **Phenacetin:** French \$16.50; US \$17; UK \$16.20. **Phenacetin:** Dutch 50-kilo drum \$5.10; UK 200-lb drum \$5.30; German 50-kilo drum \$5.10. **Saccharum Lactose:** German 1-cwt case 93c; Dutch 2-cwt case 93c; UK 56-lb tin \$1.05. **Santenin:** UK 1-kilo tin \$17 per oz. **Asa Powder:** UK 8-oz tin \$5.70 per tin; French 250 gm tin \$5.50 per tin; UK 50-kilo drum \$17.50 per kilo. **Chloredene:** UK 1-lb bottle \$2 per bottle. **DDT Powder:** 75% pure para UK \$1.75; Italian \$1.75. **Balsam Tolu B.P.:** German \$7.70. **Caffeine Alkaloid:** Dutch 50-kilo drum \$16; German 1-kilo tin \$16. **Ascorbic Acid Powder:** Canadian \$35 per kilo tin; Swiss \$35 per kilo bottle; German \$29 per kilo tin.

COTTON YARNS

(All prices per bale)

Hongkong Yarns: 10's \$800 to \$880; 12's \$860 to \$920; 16's \$1,000 to \$1,060; 20's \$1,060 to \$1,170; 26's \$1,200 to \$1,280; 32's \$1,360 to \$1,460; 40's \$1,520 to \$1,560; 42's \$1,560 to \$1,700. **Indian Yarns:** 20's \$870 to \$920; 32's \$1,160 to \$1,170. **Japanese Yarns:** 32's \$1,430 to \$1,470; 40's \$1,550 to \$1,600; 42's \$1,720 to \$1,740. **Pakistan Yarns:** 20's \$850 to \$965.

COTTON PIECE GOODS

(All prices per piece)

Grey Sheetings: Chinese 36" x 40 yds 63x64 \$37; 60x60 \$35.20; 60x56 \$35.40; HK 36" x 40 yds 60x60 \$38 to \$40; Indian 35" x 40 yds 44x45 \$25; 44x40 \$24.80; Japanese No. 2023 \$38; No. 2003 \$37.40. **White Shirting:** Japanese No. 16000 \$44.50; No. 10000 \$44.30.

RICE

(All prices per picul)

White Rice: Thai, Special-3%, old, 1st quality \$43.30; A-5%, old \$62.50; B-10% old \$59; C-15% old \$56.30; Canton, A grade, old \$50; Rangoon No. 3, 2nd quality \$44.50. **Three Quarter Rice:** Thai, A-1, 2nd class, new \$47.50. **Broken Rice:** Thai, A-1 special, new \$36.80; A-1 ordinary, new \$35.80. **Glutinous Rice:** Thai, A-1 ordinary broken, new, 2nd quality \$35.

WHEAT FLOUR

(Prices per bag of the designated weight)

Australian: 50-lb bag \$12.50 to \$14.50. **American:** 50-lb bag \$13.50 to \$15.60. **Canadian:** 50-lb bag \$15.50 to \$16.80; 100-lb bag \$32.50 to \$33. **Hongkong:** 50-lb bag \$12.80 to \$16.20. **Japanese:** 50-lb bag forward \$14.20.

SUGAR

(All prices per picul)

Granulated Sugar: Taiwan, refined No. 24 \$41.70; Cuban brown \$35; Australian brown \$36; Taikoo, granulated \$42; Jobber's price \$44.50; Indonesian \$41.20; Philippine brown \$32.50. **Sugar Candy:** HK, 1st quality, refined \$50. **Sugar Slab:** Brown, HK, 1st quality \$85; Malt Sugar: Thai \$40.50.

CEMENT

(Prices per bag unless specified otherwise)

Green Island Cement: Emeraldcrete, rapid hardening, 112-lb bag retail \$8.20, official \$7.15; Emerald, 112-lb bag retail \$7, official \$6.80. **Chinese Cement:** 45-kilo bag \$110 per metric ton cif HK ex-ship. **Japanese Cement:** 100-lb bag \$5.90, 1-cwt \$6.50. **White Cement:** Snowcrete, 375 lb drum retail \$67 per drum, official \$60 per drum; 1-cwt bag retail \$15.60, official \$14.50; Danish Bate 1-cwt bag \$15.50.

MARINE PRODUCTS

(All prices per picul)

Awabi: Japanese 10 pcs per cty \$2,500; 42-pcs per cty \$1,200. **Compo:** Japanese, large, new \$1,140, medium, new \$1,100; small, new \$1,020. **Dried Cattle Fish:** Kwangtung, small \$270; Japanese, Migaki, medium 1st quality \$295, small, 1st quality \$270. **Boatara:** Japanese, new large \$120. **Dried Octopus:** Kwangtung, large \$334. **Oyster:** Kwangtung, dried, large \$520. **Prawn & Shrimp:** Kwangtung, 1st quality, A grade \$520; Japanese, new, 2nd quality \$235; India, 2nd quality \$198. **Shark's Fin:** Japanese, shiobire, large, A grade \$355. **Dried Squid:** HK, medium \$152; Kwangtung, large selected \$330.

SUNDRY PROVISIONS

(Prices per picul unless specified otherwise)

Apricot: Preserved (Sweetened) Tientsin, new \$220. **Bamboo Shoot:** Dried Fukien, A-grade, new \$102; Shredded, Taiwan, white, dried \$125. **Bean Stick:** HK, 1st quality, A grade \$190; 2nd quality A grade \$170; Kwangtung B grade \$160.

Bean Thread: Dried (Vermicelli) Tsingtao in cloth bag, 1st quality \$191. **Date:** black, Tientsin, new, best quality \$165; new, large \$149; new, mixed \$137; preserved (sweetened) Kwangsi, medium, new \$158; Anhwei, small, new \$138; red, Tientsin, 1st crop, new \$140; Hunan, large 1st quality \$120; North-west China, large \$61. **Dried Bamboo Fungus:** Yunnan, 2nd quality \$5.40. **Black (Thin) Fungus:** Szechuen, large quantity packing, new, 1st quality \$455. **Ginkgo:** Hunan, large \$136; Kiangsu, large new \$120; Kwangsi, 3rd quality small, new \$43. **Dried Lichee:** Kwangtung, 2nd quality \$90. **Dried Lily Bulb:** Hunan new, A grade \$175. **Dried Lily Flower:** Shanghai, in gunny bag \$136. **Lotus Nut:** Hunan large, new \$360. **Dried Lunggan:** Taiwan, large \$110. **Black Moss:** Shensi, ordinary quality, large quantity packing \$440. **Mushroom:** Thick, Kwangtung, A grade, new \$1,600; B grade, new \$720; Japanese, Nami-tonko, new, 1st quality \$780, old B grade \$725; Thin, Kwangtung, 1st quality \$360; Fukien 2nd quality \$370. **Olive Seed:** Kwangtung, unhulled, in drum, new, \$170. **Preserved Vegetable:** Szechuen, old \$65; Shanghai 60.50. **Walnut Meat:** Tsingtao \$315. **Water Melon Seed:** Black, Hunan \$63; Kiangsu, new large \$67; Kanau, large \$74.50; Red, Kiangsi, new \$266; Kwangtung, new, in barrel \$175.

SUNDRY ARTICLES

Table Spoon & Fork: Japanese \$18.50 per gross. **Harmonia:** Japanese, 21-reeds \$50; 23-reeds \$54; 24-reeds \$65; all per dozen. **Rayon Hair Netting:** Japanese \$5 per gross. **Lighter:** UK, large \$87, small \$83; Japanese, ordinary \$5.30; Austrian, new \$12; all per dozen. **Lighter Flint:** German \$37; US \$45; Austrian \$45; all per kilo. **Sewing Needle:** German, 1-5m \$11; 4-8m \$11; 8-12m \$11; Japanese, 1st grade, 1-5m \$8.80; 4-8m \$8.80; 8-12m \$9; all per 10,000 pcs. **Nail Clipper:** US, plain \$80; with file \$84; all per gross. **Ball Pen:** US, all gold metal \$13 to \$14.50; ballpointpen, thin model \$5.70; all per dozen. **Plastic Button:** Coloured, US, No. 18 \$5.50; No. 22 \$6.20; No. 24 \$5.60; No. 26 \$9; all per dozen/gross. **Plastic Stud:** German, large \$10.30; small \$8.50; UK, large \$8.80; small \$6.80; all per dozen/gross. **Playing Card:** US, No. 491 \$154; No. 23 (gilt edge) \$242; all per gross. **Slide Fasteners:** Japanese, brass gold plated, with ring, 3" \$1.50; 4" \$1.60; 8" \$2.32; 14" \$3.40; HK, brass, 4" \$2.33; 6" \$2.81; 8" \$3.29; 10" \$3.77; 14" \$4.85; all per dozen.

RUBBER OUTPUT

A. R. Burkill & Sons (Hongkong) Limited, the General Managers of Amalgamated Rubber Estates Limited, announced that the output from the Estates for the month of February 1956 amounted to 561,482 lbs. The total output for eight months, July 1955/February 1956 was 5,092,202 lbs.

HONGKONG COMPANY INCORPORATIONS

The following new private companies were incorporated in Hongkong during the period from January 16 to February 4, 1956:—

Luen Yick Quarry Company, Limited: Nominal Capital, \$300,000; Registered Office, 269 Des Voeux Road Central, Hongkong; Subscribers—Chan Cheuk Ying, 57 Fort Street, Hongkong, Merchant; Tong Che Leung, 1146 Canton Road, Kowloon, Merchant.

The Multigrocers Supply Company Limited: Nominal Capital, \$100,000; Registered Office, 72 Nathan Road, Kowloon; Subscribers—Ho Che Wong, 94 Queen's Road Central, Hongkong,

Merchant; So Choi Wing, 425 King's Road, Hongkong, Merchant; Yee Look Yau, 72 Nathan Road, Kowloon, Merchant; Au Yeung Yik Fung, 10 Queen Victoria Street, Hongkong, Merchant; Ho Man Cheung, 615 Nathan Road, Kowloon, Merchant.

Bond Street Enterprises Limited: Costumiers, robe, dress and mantle makers; Nominal Capital, \$200,000; Registered Office, 418 Union Building, Hongkong; Subscribers—A. J. Da Motta, 112 Austin Road, Kowloon, Company Director; Jacob Tropp, 2 Nichome, Konimachi Chiyoda Ku, Tokyo, Japan, Company Director; J. A. Da Motta, 38 Homan-tin Street, Kowloon, Merchant.

Trans-Asia Enterprises (Hongkong) Limited: Exporters and importers; Nominal Capital, \$1 million; Registered

Office, Brutton & Co., Windsor House, Hongkong; Subscribers—Daniel Boquer, Gloucester Hotel, Hongkong, Company Director; Mercedes S. Casilan, Palm Court Hotel, Kowloon, Married Woman.

Trans-Asia News Service Limited: Nominal Capital, \$10,000; Registered Office, Brutton & Co., Windsor House, Hongkong; Subscribers—Daniel Boquer, Gloucester Hotel, Hongkong, Company Director; S. Ng Quinn, Windsor House, Hongkong, Solicitor.

Po Long and Company, Limited: Importers and exporters; Nominal Capital, \$600,000; Registered Office, 206 Wing Lok Street, West, Hongkong; Subscribers—Tan Yee Yoo, 21 Yuet Yuen Street, Hongkong, Merchant; Tan Piek Chin, 60 Bonham Strand West, Hongkong, Merchant.

Lynhall Land Investment Company, Limited: Nominal Capital, \$1 million; Registered Office, 7 Ice House Street, Hongkong; Subscribers—Chow King, 25 Tung Lo Wan Road, Hongkong, Merchant; Liang Ki Ho, 11 Macdonnell Road, Hongkong, Merchant.

Sze Wai and Company Limited: Exporters and importers; Nominal Capital, \$2 million; Registered Office, 42 Bonham Strand West, Hongkong; Subscribers—Lam Chi Fung, 7 Grampian Road, Kowloon, Merchant; Daniel H. Lam, 51A Nga Tsin Wai Road, Kowloon, Merchant.

Marine Industry Corporation Limited: To deal in steamships and other vessels; Nominal Capital, \$500,000; Registered Office, Windsor House, Hongkong; Subscribers—Li Ping Shan, 29 Java Road, Hongkong, Merchant; Shen Shih-kun, 269 Prince Edward Road, Kowloon, Merchant.

East Syndicate, Limited: Importers and exporters; Nominal Capital, \$1 million; Registered Office, 43 Catchick Street, West Point, Hongkong; Subscribers—Po-on Young, 43 Catchick Street, Hongkong, Merchant; Chi-chang Shen, 26 Mercury Street, Hongkong, Merchant.

Ta An Company (HK) Limited: To deal in steam and other launches; Nominal Capital, \$2 million; Registered Office, St. George's Building, Hongkong; Subscribers—Wong Wing Cheung, 118, Arthur Road, Singapore, Merchant; Ching Siu Wai, 127 Leighton Road, Hongkong, Merchant.

Tradewell Company, Limited: Importers and exporters; Nominal Capital, \$200,000; Subscribers—P. J. Griffiths, 27 South Bay Road, Repulse Bay, Hongkong, Solicitor; B. N. Cooper, 27 South Bay Road, Hongkong, Solicitor.

Trade & Navigation Company Limited: To deal in steam and other vessels; Nominal Capital, \$100,000; Registered Office, Wang Hing Building, Hongkong; Subscribers—Jean-Pierre Rosselli, 38C Macdonnell Road, Hongkong, Shipowner; G. Sinclair Stevenson, 228 Wang Hing Building, Hongkong, Solicitor.

Sea Tours & Services Limited: Nominal Capital, \$100,000; Subscribers—Martin Wyndham Hedley Calvert, Flat 1A, 261, Gough Hill Road, The Peak, Hongkong, Shipping Manager; Thomas Fletcher Rylance Waters, Flat 6, 261, Gough Hill Road, The Peak, Hongkong, Company Director; Roy Franklin Fox, Apt. 7, 143, Argyle Street, Kowloon, Boat Builder.

Wing Tai Investment Company, Limited: Nominal Capital, \$400,000; Registered Office, 471 Lockhart Road, Hongkong; Subscribers—Kwok Chui Wing Wah, 471 Lockhart Road, Hongkong, Married Woman; Kwok Wo Fai, 471 Lockhart Road, Hongkong, Merchant.

Venezuela Farmers, Limited: To invest in land; Nominal Capital, \$2 million; Registered Office, Hongkong Hotel Building, Hongkong; Subscribers—Mok

Tsze Fung, 53 Wongneichong Road, Hongkong, Merchant; Pang Nin Soo, 8 New Eastern Terrace, Hongkong, Merchant.

W. Haking Industries (Mechanics and Optics) Limited: Manufacturers and dealers in cameras; Nominal Capital, \$1 million; Registered Office, 20-22 Queen's Road Central, Hongkong; Subscribers—Haking Wong, 452 The Peak, Hongkong, Merchant; Wong Chew Lee, 5 Hoi Ping Road, Hongkong, Merchant; Pauline Chan, 89 Robinson Road, Hongkong, Merchant.

New Eastern Company, Limited: Importers and exporters; Nominal Capital, \$200,000; Registered Office, Pedder Building, Hongkong; Subscribers—Billy Kuang-piu Chao, 328 King's Road, Hongkong, Merchant; Tong Shih Horn, 17 Percival Street, Hongkong, Merchant.

Seven Seas Shipping Agencies, Limited: Nominal Capital, \$50,000; Registered Office, Alexandra House, Hongkong; Subscribers—Hsu Wen Hwa, Kin Wah Street, Hongkong, Merchant; Hsiao-hsien Sheng, 26 Homantin Street, Kowloon, Secretary.

Eastern Lloyd Limited: Shipowners; Nominal Capital, \$1 million; Registered Office, Caxton House, Hongkong; Subscribers—Stanley Smith, 10 South Bay Road, Hongkong, Publisher; I. G. Highley, 18 Hillcrest, The Peak, Hongkong, Chartered Accountant.

Pacific Lloyd Limited: Shipowners; Nominal Capital, \$1 million; Registered Office, Caxton House, Hongkong; Subscribers—Stanley Smith, 10 South Bay Road, Hongkong, Publisher; I. G. Highley, 18 Hillcrest, The Peak, Hongkong, Chartered Accountant.

Fidelity Mercantile Agencies Limited: Exporters and importers; Nominal Capital, \$500,000; Registered Office, 9 Bonham Strand East, Hongkong; Subscribers—Ma Hing Chau, 9 Bonham Strand East, Hongkong, Merchant; Madhusudan Dahyalal Choksi, 20 Des Voeux Road Central, Hongkong, Merchant.

Louis Marx & Co. of Hongkong Limited: Importers and exporters; Nominal Capital, \$1 million; Registered Office, Hastings & Co., 15-19 Queen's Road Central, Hongkong; Subscribers

—David Herbert Marx, 200 Fifth Avenue, New York 10, U.S.A., Company Director; Archie Bernard Marcus, 200 Fifth Avenue, New York 10, U.S.A., Company Director; Matthew George Saltzman, 200 Fifth Avenue, New York 10, U.S.A., Company's General Counsel.

de Sousa & Evans Limited: Importers and exporters; Nominal Capital, \$500,000; Registered Office, 5 Kimberley Street, Kowloon; Subscribers—Eduardo Alberto Simoes de Sousa, 5 Kimberley Street, Kowloon, Merchant; Alvaro Alberto Simoes de Sousa, 1 Tak Shing Street, Kowloon, Merchant; Henrique Alberto Simoes de Sousa, Luso Apartments, "C" Block, College Road, Kowloon, Merchant.